

EUROPEAN NEWS

Paul Betts, Rome Correspondent, examines the electoral challenge to the Italian Communists in Naples, controlled by the party since 1975.

Disillusion brings headaches for the Left in Italy's problem city

A NEAPOLITAN Communist militant suggested at a recent oration meeting that all party members should stop sleeping with their wives to devote their entire energies to the last days of the Italian general election campaign. This is an eloquent and uncharacteristic reflection of the mounting headache in Naples, and the South in general, is proving for the Italian Communist Party (PCI).

formed the new Left administration into what the Christian Democrats gleefully refer to in the current election campaign as "the administration of good intentions and little else."

elections, when the minimum voting age was dropped from 21 to 18, young people turned out for the PCI in strength. But the alliance with the Christian Democrats at national level and chronic youth unemployment in the South has alienated many young voters.



A street scene in Naples: wheeling out the chestnuts for the Italian general elections.

An empty threat of withdrawal from Labour

BY ELINOR GOODMAN
WHETHER Mr. James Callaghan, the Labour leader, likes it or not, his party's manifesto for the European election contains a threat to take Britain out of the Community if certain fundamental reforms are not forthcoming.



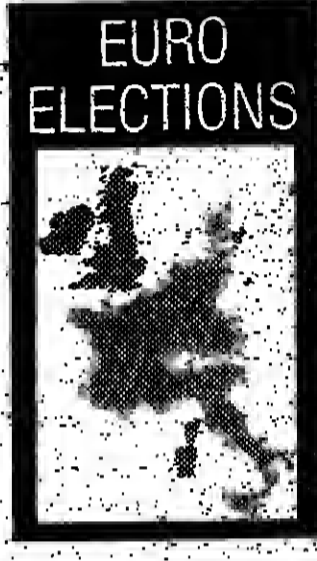
Mr. Callaghan, Mr. Ron Hayward, the Labour party general secretary, and Mr. Anthony Wedgwood Benn (left to right), at yesterday's Labour Press conference in London.

several inserted into the manifesto in its final stages of drafting last winter by anti-market forces, led by Mr. Anthony Wedgwood Benn, the former Energy Secretary. It was accepted by the party's executive, despite objections from Mr. Callaghan and other pro-market forces who lost out badly in the whole drafting process.

French 'Eurodroite' squeezed out of poll

BY DAVID WHITE IN PARIS
THE WITHDRAWAL of the French extreme Right from the European election is the latest example of the dilemma facing small parties in what is basically, in France, a four-sided competition.

and M. le Pen, who fared rather worse in the election which M. Valéry Giscard d'Estaing won in 1974. Their feelings are shared at the other end of the spectrum by Mme. Arlette Laguiller, another former Presidential candidate and a leader of the Trotskyite 'United Socialist States of Europe' campaign.



Strong feeling in Ulster, but for local issues

BY STEWART DALBY
UNLIKE THE Republic of Ireland where all the parties, and a lot of the people, are officially in favour of the Common Market, Northern Ireland embraces its political personalities a whole spectrum of views on the EEC and some strong feelings about it.



Three politicians at the centre of Northern Ireland's Euro-poll (left to right) Mr. Paddy Devlin, the Rev. Ian Paisley, and Mrs. Bernadette McAliskey.

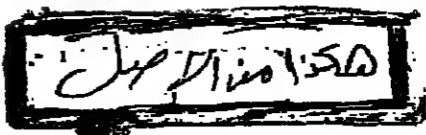
admission, is good at its talking. Should she be elected, the other 409 Euro-MPs are going to hear a great deal about H-block and provisional IRA prisoners who are waging a dirty protest inside the prison. They are also going to get quite often strident demands that Britain withdraw its troops from Ulster.

The farmers' ghost is exorcised

BY CHRISTOPHER PARKES
THE MARKET hall at Minehead, in the dozy depths of Gloucestershire, echoed faintly on Tuesday night to the resonance of exploding myths.

his bread like the factory product. Sootily, Sir Henry thought he had nothing to fear. Unconvinced, the baker turned on him. "In any case you're the wrong candidate because you're a farmer."

Handwritten signature or scribble at the bottom of the page.



EUROPEAN NEWS

Strauss plans to run for chancellor

BY ROGER BOYES IN BONN

HERR Franz-Josef Strauss, the leader of the Bavaria-based Christian Social Union (CSU), has finally made a bid to stand as the Opposition candidate for Chancellor against Herr Helmut Schmidt in next year's general elections.

The announcement, made yesterday by Herr Edmund Stoiber, the general secretary of the CSU, has brought into the open Herr Strauss's long-nurtured political ambitions. He has been considered a strong candidate—indeed one of the few suitable contenders in the Opposition ranks—for over a decade.

In the past, however, he has been deterred because of a groundswell of opposition in the Christian Democratic Union (CDU), the CSU's sister party, to his often extreme right-wing views and combative personality. He has had to settle for the role of "king-maker" within the Opposition, exercising powerful influence on the complexion of the Christian Democratic leadership.

The timing of the announcement is particularly significant. In the first place, it has rather stolen the thunder from Herr

Helmut Kohl, the CDU leader, who is expected to announce next week that he is willing to step down as the Opposition's candidate for Chancellor. Herr Kohl has been strongly criticised, not least by Herr Strauss, for being insufficiently aggressive in his opposition to Chancellor Schmidt and the ruling Social Democrat (SPD)—Free Democrat (FDP) coalition.

The CSU may well have feared that, after announcing his resignation as the official contender, Herr Kohl would come out in support of another possible candidate—Herr Ernst Albrecht, the Christian Democratic Prime Minister of Lower Saxony.

By throwing his hat in the ring now, Herr Strauss has put Herr Kohl on the spot. If Herr Kohl recommends a successor to himself, he risks splitting the party.

The CSU announcement also comes a day after the election of Herr Karl Carstens to the Presidency. Herr Carstens, formerly the Christian Democratic President of the Bundestag (Speaker of the House), was a close ally of Herr Strauss, and his election represented some-

thing of a triumph for the CSU leader.

At 64, Herr Strauss does not have time on his side, and this is probably his last opportunity to go for the Chancellorship. Herr Strauss, an excellent orator, with a caustic turn of phrase, is one of the few Opposition figures to pose a serious personal challenge to Chancellor Schmidt. But Herr Strauss commands little backing, even within the Opposition. He has often been accused of forcing the CDU into more extreme positions than it would normally have assumed. Neither is it likely to be forgotten that it was a push from Herr Strauss which finally overthrew Herr Rainer Barzel as leader of the CDU, after the poor election showing of 1972. Herr Strauss also forfeited much CDU sympathy with his regular proposals for a "fourth party"—which would draw its support largely from the Christian Democrats.

Herr Strauss appears to have cleared the decks for his latest move when he left federal politics last year to return to Bavaria, his traditional power



Herr Franz-Josef Strauss

base, as head of the state government in Munich. Since then, Herr Strauss—who once said he would prefer to grow pineapples in Alaska than be Chancellor—has become even more scathing about Herr Kohl's abilities.

Portugal completing \$300m Euroloan

By Jimmy Burns in Lisbon

PORTUGAL is completing arrangements to raise a \$300m Euroloan from a group of international banks. It will be used primarily to help finance Portugal's current account balance of payments deficit, which by the end of 1979 is expected to reach between \$800 and \$900m according to the target currently set by the Portuguese government.

The loan, being provided by a group including U.S., West Germany, Swiss and British banks, is for ten years with a seven-year grace period. Interest is set at 7 per cent over the inter-bank rate for the first eight years and 1 per cent for the last two.

The credit is a reminder both of the improved liquidity of international banks and of Portugal's financials. It is the latter which has apparently attracted international bankers back to Lisbon in recent weeks, despite the continuing political uncertainty and the temporary interruption of the IMF negotiations because of the Government's budget deficit in March.

The comparative ease with which Portugal is raising the loan is in contrast to last year, when the government's access to \$500m worth of Euroloans was assured only after it had finalised the signing of its first "letter of intent" with the IMF.

Portugal's current account deficit last year was slashed from \$1.5bn to \$775m largely through a 44 per cent increase in immigrant remittances to \$1.6bn.

Exports rose by 20 per cent while imports were held to under a 5 per cent increase, leading to a rise in Portugal's depleted foreign currency reserves.

Although more recent figures have not been published, bank officials maintain that the domestic situation has improved throughout this year, and that Portugal now has the highest foreign reserves for over five years. A Bank of Portugal statement last month said that this improvement had allowed the reduction of the escudo's monthly "crawling" devaluation from 1.25 per cent to 1 per cent.

Britain will seek to limit Lome Convention aid

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT IN BRUSSELS

THE FINAL round of negotiations between the EEC and 57 developing countries on renewal of the Lome Convention got under way in Brussels yesterday.

The talks come amid clear hints from Britain's new Conservative Government that it will seek to limit any increase in the aid it contributes under the agreement.

Mr. Douglas Hurd, a Foreign Office Minister of State, said one of the most difficult points in the talks was likely to be deciding the level of the new European Development Fund, the EEC's main source of financial assistance to the developing world.

His Government was committed to carrying out a review of all areas of public expenditure, and intended to make cuts. While these would not be confined to the aid budget, it could not be excluded.

The fund is one of the central elements of the Lome Convention. The first convention was signed in 1975 and expires next March.

Along with financial aid, it includes special trade concessions for the developing countries, and a scheme for compensating them for loss of earnings from raw materials exports.

The African, Caribbean and Pacific states belonging to the

Convention are pressing for a substantial increase in the value of the fund, set at 3.1bn units of account (about £2bn) over the life of the first convention.

The European Commission has proposed that the second Convention should include out of the Community Budget instead of separately as at present.

The Commission has also suggested that the second Convention should include a number of new features, notably schemes for guaranteeing investments by European companies in developing countries, and for expanding Third World mineral production.

'Unity' formula sought in Rome

BY RUPERT CORNWELL IN ROME

ITALY'S CHRISTIAN Democrats intend to propose after the general election of June 3 and a new governing formula of national unity, to be supported by the Communists. But the party will flatly oppose direct entry by the PCI into the Government.

This was spelt out formally yesterday by Sig. Benigno Zaccagnini, secretary of the Christian Democrats, who claimed there was no contradiction between collaboration with

the Communists and a continuing veto on their presence in the cabinet.

It was perfectly reasonable, he insisted, for the Christian Democrats to seek PCI support in securing the long-needed streamlining of Italy's institutions and in the fight against terrorism. However the Marxist/Leninist line of the Communists made their presence in Government alongside the Christian Democrats impossible.

Sig. Zaccagnini said that

even a 1 or 2 per cent increase in CD support, and a similar decline for the Communists—widely expected to be the outcome of the vote—would amount to a signal from the electorate of a change in mood.

Asked whether his party would be ready to concede the Prime Ministership as the price for recreating a Centre-Left alliance with the Socialists, Sig. Zaccagnini declared that the largest party after June 4 would normally expect to provide the head of Government.

Norway pay freeze under strain

BY FAY GJESTER IN OSLO

THE PRICES and incomes freeze imposed for 15 months by Norway's Government last autumn, and until now accepted by all sectors of the economy, is threatened by the steep increase in world oil prices.

Farm and trade union leaders, as well as a major industrial group, have warned the authorities recently that they will have to be compensated, in part at least, for the effects of the rise.

Mr. Odvar Nerdl, the Prime Minister, has admitted that the increase in oil prices might make it difficult for the Government to keep this year's cost of

living increase within its 4 per cent limit.

Mr. Leif Haraldseth, deputy chairman of the Norwegian TUC, says his organisation will ask the Government to take special measures to maintain purchasing power, if the 4 per cent limit is exceeded. He says union acceptance of the freeze was based on the Government's promise that price increases would be held within 4 per cent. The jump in oil prices would boost state revenues from offshore petroleum, thus making it easy for the Government to finance compensatory measures.

Mr. Hans Haga, chairman of the Norwegian Farmers Union, says the oil price rise to date will put an extra Nkr 40m (£3.76m) on fuel costs to farmers and market gardeners this year. If farmers are not compensated, their disposable incomes will be hit harder than those of other groups.

Norcon, which makes building materials and has a monopoly of cement production in Norway is the country's second largest oil consumer, with an annual consumption of 240,000 tons. It has asked the authorities to allow an increase in the price of cement, to offset the dearer oil.

Dearer fuel forces W. Germans to cut food spending

BY OUR BONN STAFF

WEST GERMAN consumers had to cut back substantially on spending for food and luxury goods in the first quarter of this year, to cope with higher fuel and electricity costs.

This is one of the main conclusions of the latest report of the Deutsche Institut fuer Wirtschaftsforschung (DIW), which found that private consumption had stagnated and overall growth was well down on the first quarter of last year.

Disposable income had increased—because of higher pensions, child benefits and

income tax concessions—but expenditure had also risen to meet rising costs of energy and public services.

This had led, the DIW found, to a shift in spending priorities, with the German consumer cutting back on recreation, sporting goods and food.

Overall growth had been hit in the first quarter by the hard winter—which hampered the building trade—and by labour troubles in the steel industry.

As a result, Gross National Product was estimated to be

about 1.5 per cent down on the same period last year.

The DIW was optimistic about the outlook for the rest of the year, though it was still uncertain whether the German economy would be able to compensate for the poor first quarter.

Despite increasing energy problems, growth should take off in the second quarter, the report estimated. Investment in the construction and service industries was expected to increase, with exports also up.

Herr Johannes Welbergen, retiring chairman of Shell

(Germany) also expressed qualified optimism yesterday. The West German oil supply situation was "unstable," he said, but the shortfall was not acute.

Consumers had about 3.5m tonnes less fuel at their disposal than was normal at this time of year, and so the shortfall would have to be made up through reduced consumption.

But "absolutely no cause for hysteria or panic" existed, he added. No one faced the prospect of empty tanks.

Madrid Socialist resigns

BY DAVID GARDNER IN MADRID

Sr. LUIS GOMEZ-LLORENTE, a leading Marxist inside the Socialist party, has resigned as deputy Speaker of the Spanish congress or lower house of Parliament. This follows the resignation last Sunday of Sr. Felipe Gonzalez, the party's secretary-general.

Sr. Gomez-Llorente has said that in view of the vacuum

within the party, it was inappropriate for the contending factions to remain in positions of power in Parliament.

Sr. Gomez-Llorente, who is also the Socialists' spokesman on education, is associated with the Centre-Left candidacy being set up to contest the leadership of Sr. Gonzalez.

Irish growth 'below target'

BY OUR DUBLIN CORRESPONDENT

THE IRISH central bank is predicting a growth rate of about 4 per cent this year, the lowest figure for three years and considerably below government targets.

The bank warns in its quarterly economic review, however, that these estimates—prepared before Wednesday's rejection of a national under-

standing on pay and taxation—may have to be revised.

The bank also expects inflation to be about 11 per cent in 1979, compared with 7.6 per cent in 1978, and mentions the Government's decision to remove several food subsidies as contributing to the increase.



Dunelm House, University of Durham. Architects: Architects' Co-Partnership.

Who built a modern university to rub shoulders with a Norman Cathedral?

An architect must tread carefully designing buildings to live in the shadow of a cathedral which has dominated the scene for 800 years.

If the new University buildings at Durham had aped the Norman Cathedral, the result would have been a denial of function. If, on the other hand, they had been designed without thought for their glorious neighbour, the price would have been the degradation, by association, of a landmark of our building heritage.

The greater part of the new buildings at Durham University have been built by John Laing.

They include departmental accommodation for Departments in the Faculties of Arts and Social Sciences, the Engineering Science building, three colleges and Dunelm House. Several architectural partnerships have been involved. The result is a successful fusion of the old and the new which does not compromise the needs and techniques of today for the sake of compatibility.

Educational building is not a Laing 'speciality'. This advertisement could have featured Laing's unique experience of building today's cathedrals (Coventry, and the new Catholic Cathedral of Clifton, Bristol). Or docks in the Middle East. Or oil platforms for the middle of the ocean.

More than 20,000 people make Laing one of the biggest construction companies in the world. However, size alone is no virtue. At Laing our strength

lies not in our numbers, but in our expertise, and our understanding of how man can improve and not deteriorate his environment by construction. We say we make ideas take shape.

Perhaps we should qualify it, and say better ideas. **LAING** make ideas take shape

AMERICAN NEWS

OVERSEAS NEWS

Israeli jets strike again at Lebanon guerrillas

By Roni Hizi in Beirut
ISRAELI YESTERDAY kept up its military activity against Palestinian guerrillas in Lebanon, in what appears to be an increase in the warfare between the two sides.

Mullahs to take permanent place in Iran politics

BY ANDREW WHITLEY IN TEHRAN

IRAN'S SELLA Mostem mullahs, now directing the nation's affairs, are to enter politics permanently after the transition to a constitutional Islamic Republic is complete.

Cabinet led by Dr. Mehdi Bazargan, the Prime Minister. Announcing the outcome of the meeting, Ayatollah Taleghani said the main topic was the speeding up of the publication and ratification of the new constitution.

Israeli gunboats and artillery also pounded the port of Tyra, which is under guerrilla control. Yesterday's action followed an Israeli report that the guerrillas had bombarded Israeli settlements in Upper Galilee, wounding two Israelis.

Nepalese to vote on party rule

BY K. K. SHARMA IN NEW DELHI

IN AN ATTEMPT to save his throne, King Birendra of Nepal yesterday announced that a referendum will be held to decide whether a multi-party system of government should be brought in to replace the existing partyless assembly system.

The new island states are neither economically nor administratively viable in Mr. Vance's view, and are in urgent need of Western aid.

AP adds: Three Israeli Arabs have been arrested for allegedly plotting to disrupt next week's visit of President Sadat to the Negay Desert city of Beersheba, Israel Radio reported.

Smith names day for handover

BY TONY HAWKINS IN SALISBURY

THE TRANSFER of power to a black majority Government in Zimbabwe-Rhodesia will take place next Friday, June 1, a statement by the outgoing Prime Minister, Ian Smith, said today.

Federal Party and six White Rhodesian Front ministers including Mr. Ian Smith, who is tipped to become minister without portfolio.

INDOCHINA CONFLICT SPILLS INTO THAILAND

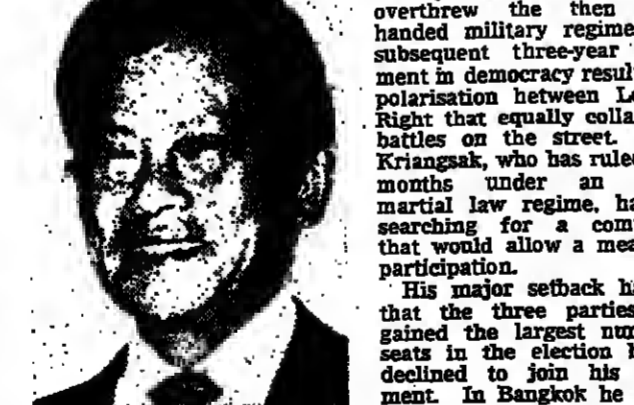
Kriangsak treads a wary path

BY DAVID HOUSEGO, ASIA CORRESPONDENT

THE THAIS have no immediate fears about security. But with heavy fighting rumbling on their borders, a slow-down in investment that reflects renewed worries about the economy and a lingering political crisis, there is as much uncertainty about the future as at any time since the American withdrawal from Indo-China four years ago.

THE rag-tag remnants of Cambodia's Pol Pot Government, on the run and fighting a guerrilla war against a new government in Phnom Penh, have brought their rough justice to Thailand, AP reports.

His major setback has been that the three parties which gained the largest number of seats in the election have all declined to join his Government.



General Kriangsak Chamanab, Thailand's Prime Minister.

The Thai claim to be neutral. But this position is increasingly difficult to maintain as the Vietnamese advance pushes more refugees into Thailand—last week 30,000 stumbled across the border—seeking food and supplies.

The loss of investor confidence has been reflected in the sharp decline of share prices on the infant stock exchange where the index has fallen by 35 per cent since the beginning of January.

Mr. Clark's first concern will be Quebec, where Mr. René Lévesque, the separatist leader has emphasised that the federal vote shows that English and French Canada are speaking more strongly than ever as separate communities.

An important manifestation of this is the rival attempts being made by the Chinese and the Vietnamese, who are backed by the Soviet Union, to gain control of the Communist Party of Thailand (CPT), which has maintained the momentum of its insurgency activities against the Government.

Mr. Clark does not expect to reconvene the House of Commons until late September or early October, but early in the new session he faces controversy over the Tory proposal to sell shares in Petro-Canada.

Mr. Clark's party won only two seats in Quebec and must look to the Senate, where there is one vacancy, for increased representation from Canada's second most populous province.

U.S. concern at instability in the Caribbean

By Reginald Dale

THE U.S. has become seriously concerned about the potential political instability of Central America and the Caribbean, a strategic area that Washington now admits it has too long neglected.

Initiative

During his London visit, Mr. Vance sounded off Mr. Sridath Ramphal, the Commonwealth Secretary-General, as to whether the Commonwealth might not take an initiative in the Caribbean, with U.S. support.

Toppled

Following the coup d'état in Grenada earlier this year, U.S. officials say that many Caribbean Governments could be toppled by 25 people with 25 sub-machine guns.

It empowers the Defence Ministry to make arrests without charge, searches without warrants, to restrict movement, establish a curfew, censor the press, open mail and tap telephones.

Refiners step up production

BY STEWART FLEMING IN NEW YORK

Administration predictions that the current shortages could ease significantly in June.

Petrol supplies could be particularly tight over the forthcoming Memorial Day weekend, the first summer holiday week-end. Many filling stations have already used up their May allocations, while others are threatening to remain closed because pumps cannot register more than \$1 a gallon.

Democrats rally Carter support

BY DAVID BUCHAN IN WASHINGTON

THE DEMOCRATIC hierarchy sought yesterday to rally the party behind President Carter, plagued this week by a succession of setbacks including a revolt by liberal Democrats in the House of Representatives.



Bert Lance... pleading not guilty

Venezuela sacking

BY KIM FUJAD IN CARACAS

PRESIDENT Luis Herrera Campins has overcome his first military crisis with the removal of an army commander who openly opposed Government policy of pardoning leftist guerrillas who have fought army troops in Venezuela since the early 1960s.



"They gave me back my home, my friends, my whole way of life"

When one has known a certain way of life, and rising costs look like taking it all away, who is there for people like us to turn to?

STRESSED GENTLEFOLKS' ASSOCIATION

There is the Distressed Gentlefolks' Aid Association. The DGAA is run by people who understand. They know that we want to stay in our own homes, surrounded by our possessions, and close to the friends of a lifetime.

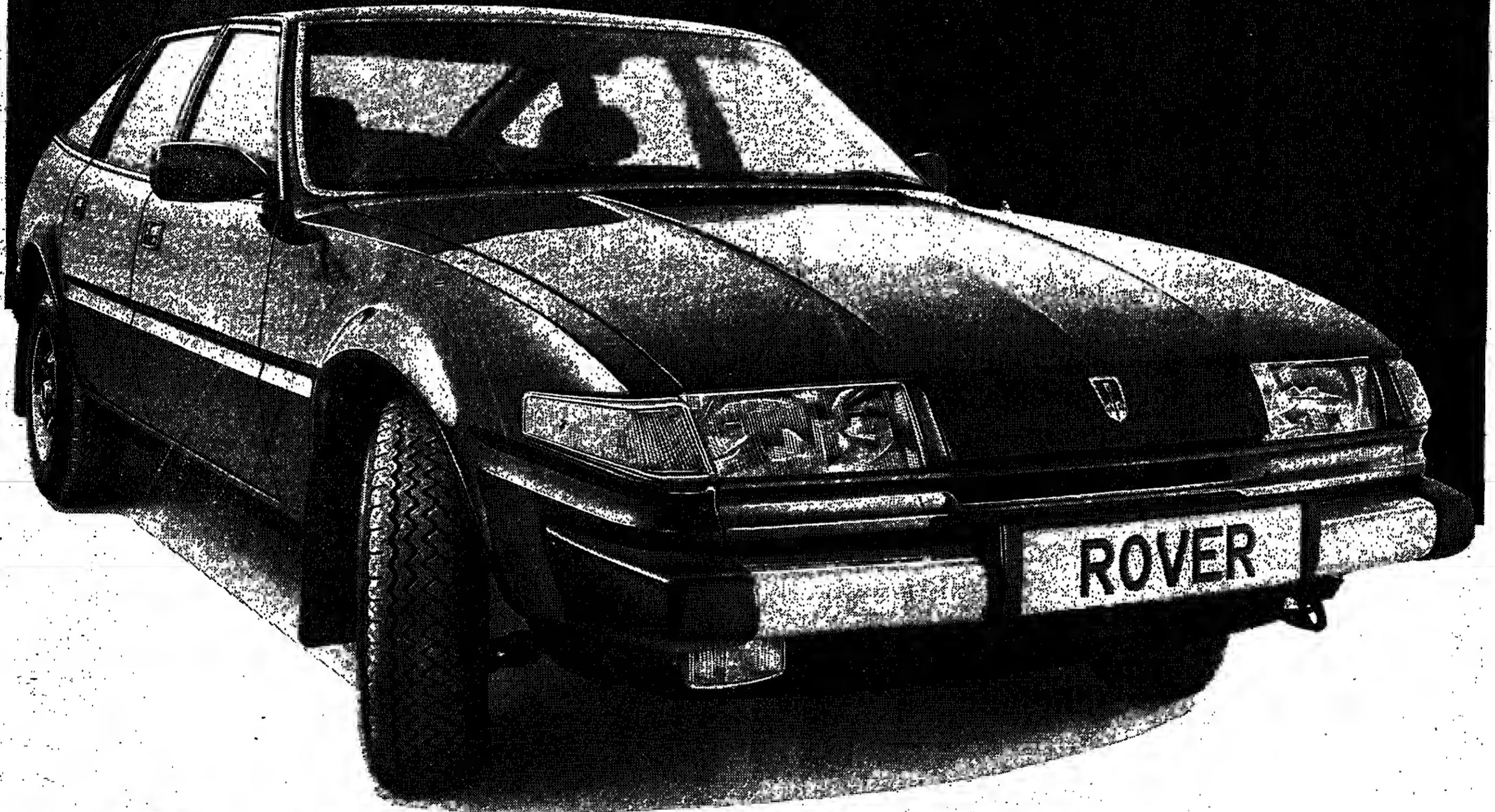
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You can't stop time by smashing clocks.

Between the years 1811 and 1816, a band of textile workers had just the answer to the threat of technology.

They literally threw spanners into the works.

And smashed up the new machinery which they blamed for their unemployment and distress.

If this attitude had prevailed, weaving would still be a cottage industry.

Ploughs would never have exceeded 4 horse-power.

The steam engine would have lost out to the cart driver.

And Britain would never have become the economic power that it did in the late nineteenth century.

Yet the action of the Luddites carries a very instructive lesson: it's not progress itself which is the threat, but the way we adapt to it.

For without technology, a nation's progress would undoubtedly falter.

Machines bring down the cost of production.

Which in turn either creates greater profit for reinvestment, or holds down the costs of the product,

so providing greater purchasing power for the pound.

The result is greater wealth—the ideal climate for increased employment.

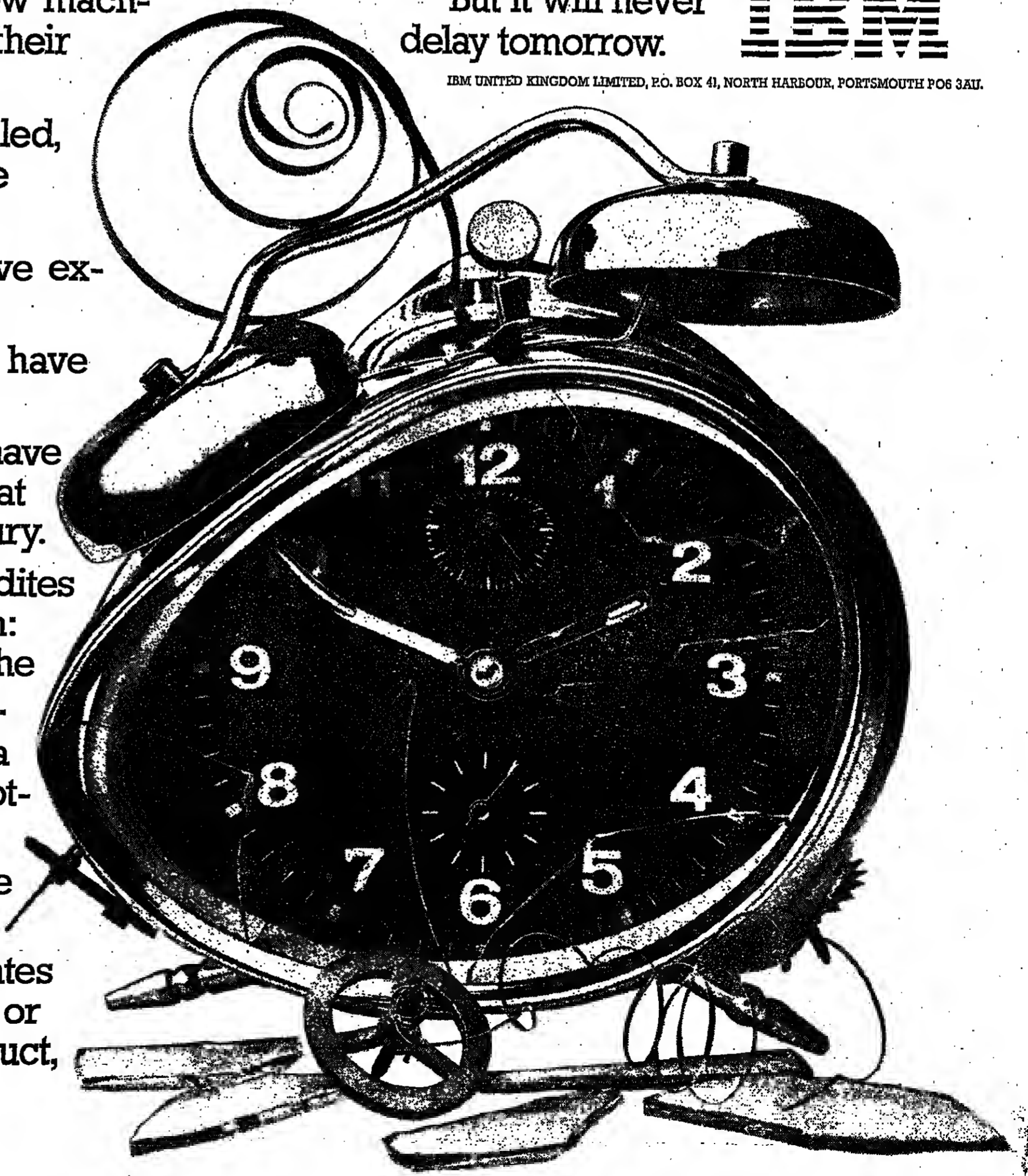
And machines that relieve man of the tasks that limit his personal fulfilment.

Smashing the clocks might destroy the mechanism of progress.

But it will never delay tomorrow.



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Billingsgate market for the Isle of Dogs

BY ANREW TAYLOR

BILLINGSGATE. LONDON'S famous fish market which is at least 1,100 years old, is to move to a new site on the Isle of Dogs.

The market is to make way for a road development scheme and the 100 businesses and 2,000 traders, drivers, porters and buyers will be moved to a 13-acre site in West India Dock.

The new market is expected to cost £7.2m and should open by 1982. To finance the scheme, the Government is paying £3.6m, the Corporation of the City of London £2.2m and the Borough of Tower Hamlets the remaining £1.2m.

The City Corporation has also agreed to meet any additional costs—other than inflation, which will be shared by the three sponsors.

The market will incorporate 270 commercial parking bays and a central feature will be an existing 217-metre long warehouse linked to a new complex, which will include an extensive open area for the bulk handling of fish.

The market hall itself will comprise 38,600 sq ft and will utilise some of the existing buildings.

The surrounding area will be ringed by trader shops and served by a cold store complex in addition to individual chiller units. Additional facilities will include restaurants, ancillary shops and offices.

The original market goes back to Saxon times. Today it is estimated to handle 200 tons of fish a day with an annual turnover of about £70m.

The site will be redeveloped when the market closes and the profits shared by the City Corporation and dockland boroughs to help meet the cost of the new market and to provide finance for future dockland projects.

The planned move from Billingsgate to the new market should take place in spring, 1982, and it is hoped it will be completed in a single weekend.

A consultative and advisory committee representing the local authorities involved—

wholesalers, unions and customers—is to be set up to facilitate the move.

A first step will be to decide on accommodation, which should be done by the end of September when it is hoped architects' drawings and tenders will be completed.

Billingsgate is the latest traditional London market to move. Several years ago Covent Garden fruit and vegetable market moved to Nine Elms on the South Bank of the Thames to expand its facilities.

Tesco chief warns of oil crisis threat to retailers

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

RETAILERS face a serious inflationary effect from the oil crisis, Mr. Ian MacLaurin managing director of Tesco warned yesterday.

Speaking at a Hampshire conference, Mr. MacLaurin said that "even a marginal increase in fuel costs can have a serious inflationary effect, and all the indications are that energy prices will certainly not be marginal in the years ahead."

Tesco's fleet of 230 trucks averaged some 800 miles a week he said. "Every year, therefore, our own fleet covers some 9.5m miles which in turn costs more than £800,000 for fuel—and this excludes our own in-store heating and ventilation bill, or the fuel costs of the

goods delivered direct from suppliers."

The effect of this dependence on fuel would mean greater concentration of stores. "The days of dispersal have passed," he said.

The rising costs of oil also justified the development of large stores and Mr. MacLaurin said that without them the cost of the basic shopping basket would be up to 20 per cent higher than at present.

"The need is to centralise the development of larger stores in order to minimise energy consumption—thus containing inflation in the distribution sector—and to ensure that such cost effective units are accessible to the entire population," he said.

Minister denies price-rise rush

By David Churchill, Consumer Affairs Correspondent

A **GOVERNMENT** Minister denied yesterday that there would be a flood of price rises from companies after the abolition of the Price Commission.

Mrs. Sally Oppenheim, Minister for Consumer Affairs, told an Industrial Society conference in London yesterday that the timing of rises of bread, gas, electricity and postal charges was due to their having been delayed by the General Election. "Under no circumstances will this be a continuing trend."

Mrs. Oppenheim said that the most the Price Commission could have done would have been to delay these price rises and said that the Commission overall had had a negligible effect on inflation.

Instead Mrs. Oppenheim made clear her belief that competition and consumer choice had more effect on holding down prices and stimulating high retailing standards than price controls and Government direction.

She said that there had to be a balance between consumers and traders so that neither side had the upper hand. In addition, the balance had to be maintained "between imposing burdens on reputable traders and restricting their not so scrupulous competitors."

And there also had to be a balance between the powerful and not so powerful traders in terms of commercial strength.

"None of these balances will be easy to achieve, but I believe it important to set them down as guiding principles against which further regulations will be tested," she said.



Sir Kenneth Cork (right) Lord Mayor of London, Sir Hugh Whittner, chairman of the Temple Bar Trust who plan to recite the monument, which is at present covered in undergrowth, in the precincts of St. Paul's Cathedral. The Bar, built in the reign of Charles II, was removed from its original site in order to build the Law Courts in the Strand in the 1860s.

Iona is bought for the nation

By Ray Perrain, Scottish Correspondent

THE ISLAND of Iona has been bought for the nation in memory of the late Lord Fraser of Allander founder of the House of Fraser stores group, which includes Harrods.

The trustees of the tenth Duke of Argyll, who was selling the island to pay death duties, accepted an offer of £1.5m yesterday from Lord Fraser's son, Sir Hugh Fraser, on behalf of the charitable Fraser Foundation.

The sale of Iona, home of the first Christian saints in Scotland, caused a storm of controversy. The Argyll trustees, who include the present Duke of Argyll, originally indicated that they had death duties of about £500,000 to meet.

But when it became clear that there was considerable international interest in buying Iona they rejected the Scottish National Trust's offer of £600,000 and set a minimum price of £1.25m.

The emotional appeal of owning Iona has largely determined the price. The historic sites were not included in the sale, and planning authorities said they would not permit commercial exploitation of the island, which has thousands of visitors.

Most of the 1,800 acres are tenanted at low rents, and the purchaser would have had exclusive access only to two acres of land, two cottages and the foreshore.

Mr. Christopher Nicholson of Leamington Spa, Warwickshire, has bought the small island of Easdale, off the Argyll coast, for an undisclosed sum.

Men and Matters, Page 22

State shipyard orders hope

BY OUR BELFAST CORRESPONDENT

SIR BRIAN MORTON, chairman of the state-owned Belfast shipyard, Harland and Wolff, said yesterday that he was now more hopeful of employment levels in the company being maintained.

He said that after two years without new orders there had been a revival of interest from shipping companies at the end of 1978 and into this year. The shipyard was talking with several companies which might place orders.

Speaking at the launching of the first of three £13m ferries for British Rail, Sir Brian warned the yard's 8,000-strong labour force that their future would depend on any new orders being completed on time. A fourth order from BR is expected in the near future.

The first ferry was planned to go into operation on the

Larne-Sranraer route in time for this summer's peak traffic but building delays have meant that it will not enter service until the autumn.

The Irish Transport and General Workers' Union may shortly give official backing to a work-to-rule involving 350 of its members at the deep sea docks in Belfast.

Their action has led to a build-up of ships awaiting discharge. Supplies of animal feed-stuffs to Ulster's farms are now threatened.

The dockers are demanding pay increases of more than 30 per cent to bring their basic weekly wage to £70. The latest offer from the port employers, of a basic £61 with guaranteed earnings of £65, has brought no sign of a settlement.

LOCAL AUTHORITIES have donated £100,000 towards the repair and restoration of Peterborough Cathedral.

Northamptonshire County Council is giving £30,000, Peterborough City Council £50,000 and Cambridgeshire County Council £20,000.

The cathedral launched a public appeal for £500,000 last month after a survey revealed sections of roof needed replacing and stonework of the 12th century building was crumbling.

Appeal organisers hope to raise the balance in "a short, sharp campaign."

TV rental companies to push games and computer services

BY JOHN LLOYD

BRITAIN'S main television rental companies have made a strong plea for the television set to take over the home.

They hope and believe that the public will shortly come to regard it as a home information / communication / computing/games centre, as well as an entertainment medium.

The companies are already marketing Prestel, the Post Office's viewdata service, and have marketed video cassette recorders for about nine months. Later this year, they will offer video cameras, on which home TV movies can be shot, for about £30-£40 a month.

They are also offering, in a limited way, the BBC and ITV teletext services, Ceefax and Oracle. In the next few years, they expect to be marketing home computers linked into the TV set as well.

Their claim for leadership in this market is based on their ability to supply the rapidly succeeding technologies on weekly rentals, thus allowing the customer to avoid high capital costs and the rapid obsolescence common to many of the new systems.

At a presentation yesterday

the National Television Rental Association enthusiastically endorsed the Prestel service, and claimed that its members would lead the campaign to popularise the new-medium among the country's 20m TV holders.

Mr. Brian Quilter, managing director of Granada TV Rentals and the association's chairman, said the service was mind-boggling, amazing, a totally new dimension.

The UK has a lead of some years over other countries in the development of a viewdata system—which brings a range of information to the home or business to be displayed on the TV set—and the service is now available on a limited basis in London.

There has, however, been friction between the Post Office and the TV set manufacturers (often the same groups as the rental companies). The Post Office has criticised the manufacturers for not producing sets in volume for the public launch date in March.

The companies, in turn, say the Post Office has only a limited amount of space on its Prestel computers, and could

only offer a very restricted service anyway. Mr. Quilter dismissed the March launch as a "publicity exercise designed to put pressure on the manufacturers."

The companies say they will be producing in volume shortly, and predict that 16,000 Prestel sets will come off the production lines by this December. Thereafter, production should be steady at about 1,000 a week.

For the moment, sets are available only to domestic customers at a trial price of £750, which will initially go up, as production models come available, to about £1,500. Rental is set at about £24 a month (£18 for the test service).

Once the business market opens up in September, manufacturers expect that the market will boom.

All the big TV companies say they intend to invest heavily in the service, though have not yet specified amounts. However, Mr. Quilter said that the sum, for a major company, might be about £150m over the next three years.

The Post Office has estimated that it will spend about £40m on Prestel by 1980.

Consumer advice via Prestel

BY OUR CONSUMER AFFAIRS CORRESPONDENT

CONSUMER organisations yesterday joined forces to launch an information service on the new Prestel system.

The information, provided over the telephone network and displayed on domestic television screens, will cover all aspects of consumer advice.

Only about 1,000 television sets are at present equipped to take the Prestel viewdata service, but the consumer groups involved—and other organisations which are launching their own information services on the system—hope that demand will accelerate in the 1980s.

Mr. Jeremy Mitchell, director of the National Consumer Council, said yesterday that the new service could "revolutionise the way in which we and other organisations provide information and advice to the public."

He also suggested that the public could eventually, acquire more knowledge of consumer rights because of the easy access of information.

"Instead of tramping from shop to shop comparing prices, for instance, housewives will be



Mr. Jeremy Mitchell, director of the National Consumer Council, and Mr. St. John Sandringham, head of TeleWhich?, at the launching of the Prestel consumer information service yesterday.

able to press a button and on their television screen will appear details of the prices being offered that day by local supermarkets," he said.

The four organisations involved in the consumer information system—which is called TeleWhich?—are the Consumers' Association, the National Consumer Council, the National Association of Citizens Advice Bureaux, and the Office of Fair Trading.

Economy 'fares better in EEC'

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE BRITISH economy has done less badly in the EEC than it would have done outside, according to Mr. Christopher Johnson, economic adviser to Lloyds Bank.

In the June issue of Lloyds Bank Economic Bulletin, Mr. Johnson argues that the UK's overall rate of economic growth and its export performance have benefited from membership.

He recognises that the gains do not justify the uneasiness of the EEC entry to the UK. Those contributions, however, are likely to be less than the

other benefits of membership.

The conclusions contrast markedly with the view being put forward in Whitehall in support of the British call for a fairer distribution of the Budget balance. A much less favourable assessment of the results of UK membership has been made by Mr. Wynne Godley and his colleagues at the Department of Applied Economics at Cambridge.

Mr. Johnson argues on the basis of arithmetic comparisons of what happened before and after UK entry into the EEC in 1973. The UK's rate of economic growth may have risen by 0.3 per cent a year as a result of UK entry. That takes account of the separate North Sea oil contribution.

The cumulative impact is to increase total Gross Domestic Product, on Mr. Johnson's estimate, by 1.8 per cent or £2.5bn in 1978.

As a result of EEC membership and North Sea oil, the UK may for the next few years achieve the same annual increase in living standards as the rest of the EEC.

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This is Iberia today. But we want to be better.



MORE THAN 50 YEARS MAKING FRIENDS.

Councils oppose demand for indexation of pay

BY PAULINE CLARK, LABOUR STAFF

LOCAL AUTHORITY employers yesterday "strongly opposed" union demands for council workers pay to be indexed at two-thirds the national average.

Employers' serious misgivings about the indexing demand were underlined earlier this week by the Government's call for a freeze on recruitment in local government and its warning that the rate support grant would be fixed according to authorities' response.

The unions submitted their own evidence in support of a £60 minimum wage to Professor Hugh Clegg's Standing Commission on Pay Comparability in the public sector last week.

Union man at Times joins Observer

By Our Labour Staff

ONE OF the leading print union negotiators in the long-running dispute at Times Newspapers has taken up a management post with a rival national newspaper.

'Blackmail' claim by Meriden union

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

A TRADE UNION official claimed last night that "blackmail" had been used to persuade workers at Meriden motorcycle co-operative to accept 150 redundancies.

He alleged that threat by Mr. Geoffrey Robinson, managing director of the co-operative and Labour MP for Coventry North West, to resign unless redundancies were imposed caused workers to overturn an earlier decision to opt for short-time working.

The claim was made by Mr. Ray Lissaman, a Coventry district secretary of the Amalgamated Union of Engineering Workers.

Mr. Lissaman added that a recalled meeting of the members agreed to the redundancies and to short-time working for three weeks while alternative vacancies were sought.

Bank staff to appeal on parity

Financial Times Reporter

THE BANK of England Staff Organisation, whose claim for pay parity with clearing bank employees was rejected by the Central Arbitration Committee last August, is to appeal to the High Court.

ICI jobs report

BY NICK GARNETT, LABOUR STAFF

THE REDUCTION in jobs brought about by new mini-computers within ICI's Mond division should be catered for by natural wastage, according to a discussion document circulated within the division.

The document says that natural wastage among monthly-paid staff is running at about 7 per cent annually.

White-collar unions are waiting for ICI to put forward proposals on the new technology which the unions believe will involve a rolling programme through the next decade leading to considerable job losses, though possibly no redundancies.

The unions have yet to be given details of any projection the company has made on possible staff reductions in each of its divisions.

Phone bills delayed

BY JOHN LLOYD

MOST of the UK's telephone users will not receive their quarterly bills at the usual time because of continuing industrial action by some sections of the Post Office's clerical and computing staff.

A number of large bills, together with a few smaller ones, are being prepared by hand.

Religion plea against closed shop fails

BY OUR LABOUR EDITOR

A COUNCIL employee who claimed that he was unfairly dismissed because his religious beliefs prevented him joining a trade union was told yesterday that his religion was more of a hobby than a serious study, and his belief in God was vague.

In a reserved judgment yesterday the tribunal chairman, Mr. Gerald Lawrence, said: "We cannot accept religious man or woman as a religious attitude to life. In our view Mr. Borrott has a certain amateurish interest in religion but we would say more as a hobby than an object of serious study."

Views as to the fairness or unfairness of the closed shop agreements is nothing whatever to do with the matter. "We are here to administer the law as we understand it and that is what we have done. This was a fair dismissal and Mr. Borrott's application failed."

Shadow Cabinet poll shows absentees

BY RICHARD EVANS, LOBBY EDITOR

THE DEGREE of support for Labour politicians, including several contenders for the party leadership when Mr. Callaghan retires, will be shown in elections to the Shadow Cabinet, now in progress.

retaining political freedom by remaining on the back benches, and neither Mr. Harold Lever, former Chancellor of the Duchy of Lancaster, nor Mr. Joel Barnett, former Chief Secretary to the Treasury, have allowed themselves to be nominated.

However, since Mr. Ennals has received backing from neither the Left-wing Tribune group nor the Manifesto Group of MPs, it is doubtful if he would have been successful in the ballot.

Among the 21 candidates who have not been Cabinet Ministers are Mr. Gerald Kaufman, Mr. John Grant, Mr. John Horam, Mr. Geoff Rooker, Mr. Eric Heffer and Mr. Neil Kinnock.

Patriotic Front to join talks

By Ivor Owen

PATRIOTIC Front leaders are to be included in consultations being undertaken by the Government as it prepares for the next stage of its Rhodesian policy.

Thatcher keeps options open on pay freeze

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE PRIME Minister indicated in the Commons yesterday that she is still keeping her options open on the possibility of introducing a pay freeze if it should become necessary.

Refugee intake reviewed

By John Hunt

BRITAIN CANNOT enter an "open-ended commitment" at present to take Vietnamese refugees, Sir Ian Gilmour, the Commons Minister for Foreign Affairs, told MPs yesterday.

Westminster pay for Euro-MPs

BY ELINOR GOODMAN, LOBBY STAFF

ANY LINGERING hopes that Britain's European candidates might have nursed about a seat in the European Parliament providing a quick route to riches were finally dashed yesterday.

Procedures debate promised

BY OUR LOBBY STAFF

MPs WERE yesterday promised a debate on their procedures soon after the Whitsun recess. The promise coincided with a report from the Public Accounts Committee—the senior committee of the House—which showed just how difficult it may be to get MPs to agree on the precise nature of any change.

Oil rations warning

THE Government warned yesterday that it might be forced to use emergency powers to ration oil unless consumers reduced demand.

Geneva talks

In that context, of course, the Patriotic Front has a part to play.

Labour urged: rebuild

THE LABOUR PARTY is urged today to rebuild its membership and involve more of its supporters in developing party policy.

Balance Sheet 1978

On 23rd April 1979 the Board of Banco di Sicilia, at their Annual General Meeting, approved the accounts for the 1978 financial year which showed a net profit of Lit. 2,357 million after amortisations, depreciation, devaluation and provisions of Lit. 46,308 million.

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From the Balance Sheet as at 31st December 1978	
Funds managed	Lire 8,062 billion
Lending by the banking section	3,127 "
Lending by the Special Sections	1,953 "
Investments in bonds and shares	2,207 "
Engagements and contingent liabilities	1,201 "

Banco di Sicilia

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Capital Funds: Lire 217,087,859,772

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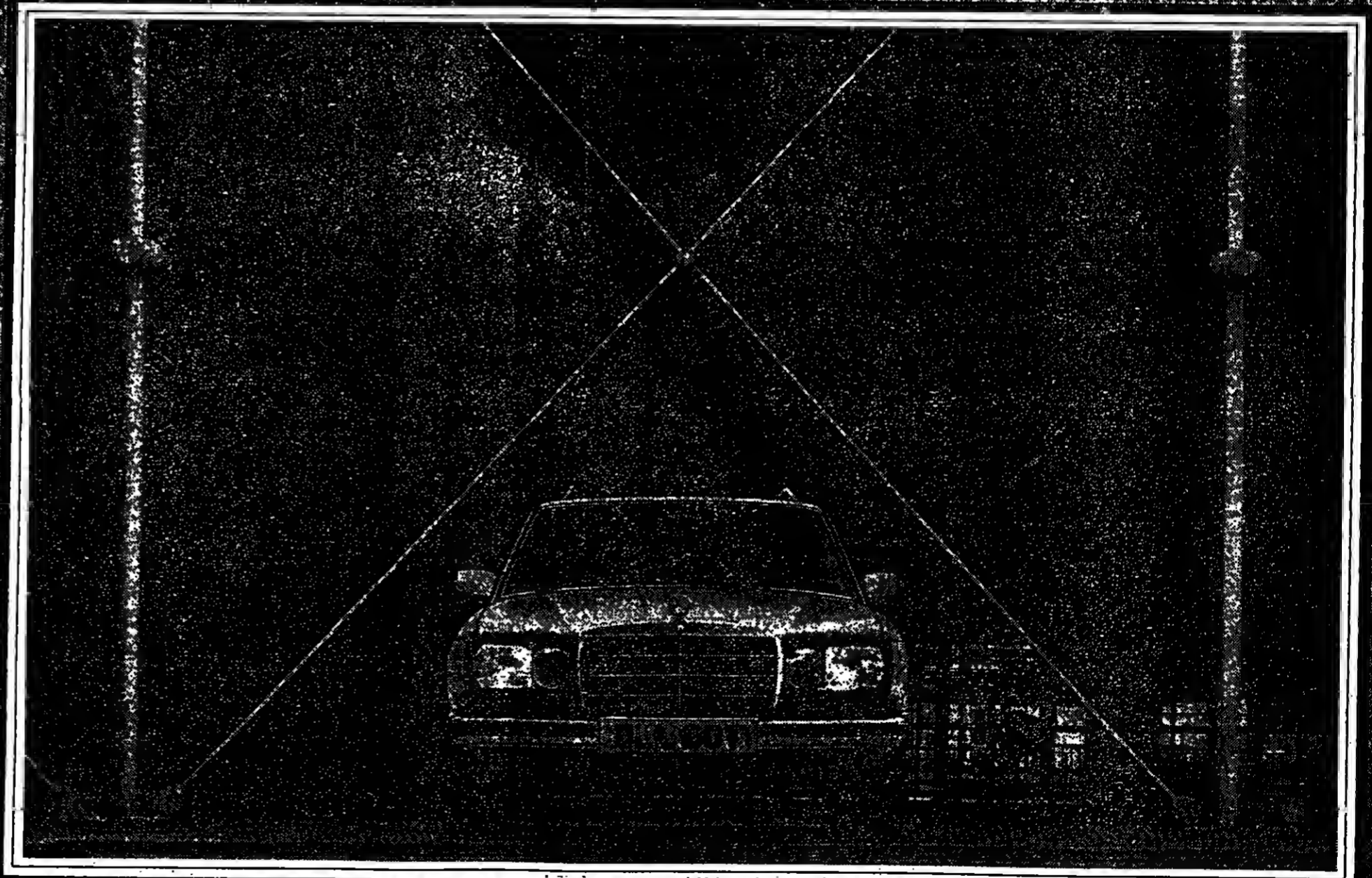
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The 2.4 litre four cylinder diesel is a particularly reliable and economical power unit.

Vertical text on the left margin, including a logo at the top and a large stylized '2' in the middle.

Vertical text on the right margin, including a logo at the top and a large stylized '2' in the middle.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Nicholas Leslie on one man's strategy for steering his machine tools company back among the front runners

IAN BONAS is fond of analogies. One of his most colourful is equating his company's latest development — a new type of broadloom — with Lord Nelson trying to sink the French fleet from a distance of 25 miles, merely by firing a cannon at an angle of 45 degrees in the vain hope of making a hit.

The analogy may be both odd and extreme. Nonetheless, it is highly apposite. The risk of failure Bonas faces is clearly ever present, since this broadloom incorporates new technology. But as he remarks wryly: "You've got to have a go, haven't you?"

Bonas is very much a "have a go" sort of person. Striking at somewhat unlikely figures in the industrial heartland of Sunderland — he reminds one more of a dashing City gant than a Northern businessman — he becomes animated when discussing ideas for his company, Bonas Machine Tools, and what needs to be done to revitalise the region in which he operates.

He is also rather proud, in a low-key way, of having just received a 1978 Queen's Award for export achievement. The award recognises the fact that almost 90 per cent of Bonas's production goes as exports. He has two major products, narrow weave looms (for which major export markets are Germany and Japan) and diamond polishing machines.

What had happened, says Ian Bonas, is that by continuing to sell a machine virtually unchanged in design from a model launched a decade earlier, Bonas Machine Tools fell easy victim to a faster and more efficient machine made by a leading Swiss competitor, Jacob Muller.

It was a watershed for the company. With no new machines even in the design stage Bonas decided to act. He had joined the family firm four years earlier from university (where he gained a law degree, subsequently supplemented with a diploma in economics).

Bonas succeeded in engineering something akin to a palace revolution, convincing his father, Harry Bonas (who keeps an eye on the other half of the

Bonas family empire in Burton-on-Trent, making ribbons, tapes, clothing and quilted products), that he should become managing director of the Sunderland machine tools company.

There then followed what Bonas likes to describe as a period in which the company moved from a "vicious circle" into a "virtuous circle." In the vicious circle, he says, an established company in an old industry loses the initiative, spending too little on research and development, and eventually having to rely on price-cutting to sell enough products to stay alive (he reckons BL has got itself into this predicament). In the virtuous circle a company spends a lot on R & D, stays ahead or at least in line with developments in its industry, charges a lot for quality and can therefore continue to afford an expensive R & D programme.

To make the transition "takes years—a lot longer, than you think," says Bonas. And the secret is "that there is no secret," he says, in true Oriental style. It is an incremental process. You cannot, he says, spend a fortune on R & D all at once. You have to set an initial

realistic objective and maintain a balance on the way to achieving it.

While on this course Ian Bonas established a new R and D facility and picked up a new line of business—diamond polishing machines. This addition happened by chance. While talking to an official of the National Research Development Corporation about a financing deal, a call came through to the NRDC man from De Beers, the giant South African diamond mining group, requesting help in finding a British company prepared to make the polishing machines under licence.

Ian Bonas seized the opportunity, and also turned out to be the right man for De Beers. In 1971 manufacture began. Today, Bonas Machine Tools has the whole operation, including marketing, to itself and there are plans to expand the business by making two other machines required in the cutting and polishing process.

"It is at this point, he says, that the research and analysis is required to assess viability.

The range of narrow weave needle looms now produced by Bonas can make anything from ordinary ribbons to elasticated tape for hassiere straps and military webbing. The latest machines can also weave patterns on to narrow tapes or, for example, figures like footballers or golfers for attaching to sports cloth.

The past few years have not been easy, but Ian Bonas reckons that he is now ahead of the competition, a position he works hard at maintaining. The looms of today are 7½ times as productive as those manufactured in the 1950s, he says. And with the company now in a much more prosperous position Bonas can afford to indulge one of his passions—fast cars—with a sleek Ferrari (he once considered becoming a racing driver but shelved that idea after a near accident).

Though committed to the North-East, Bonas is not too sure whether subsidies and other incentives outweigh the disadvantages of so isolated an area. He also wonders whether government training centres are doing their job properly.

Bonas is a strong supporter of the argument that declining industries should not be "propped up" by government funds. Instead of supporting industry in a "hospital bed" Britain needs "to invest in a mustroom bed of smaller companies to provide new jobs. In the North-East there is a serious shortage of good small companies."

For his own part, Bonas plans to continue spending at least 10 per cent of turnover per year on research and development, in the belief that this is the only way to ensure the survival of his company. He already has ideas about how micro-electronics can be applied to looms. Greater flexibility of



Ian Bonas—getting his company out of a vicious circle

patterning is an obvious and a broadloom ready to go into production before the year end, he considers he has now established his company well and truly in a "virtuous circle" that provides technological strength and an ability virtually to self-finance all company activities.

The French approach to energy saving

BY JEAN SAINT-GEOURS

THE CURRENT increase in the cost of energy has come as a heavy blow to French industry; most firms were already showing signs of stagnation, as a result of the generally poor economic climate and the French Government's policy of financial austerity over the last two years.

Although there is no shortage of Government exhortation, or seminars to discuss the problem, it is by no means clear that chief executives have taken in the full importance of the problems facing them.

The chief executive is likely to look at things rather differently. He will be particularly concerned with productive capacity, which can be brought about either by additional plant, or by a higher throughput from existing installations. To meet these requirements, his internal and external financial resources are limited. He is therefore unlikely to give very high priority to investments designed to save energy relative to those which increase capacity. Indeed, such investment will only take place if he is made aware of their technical feasibility, and if the payback is short: say two or three years.

In 1974, the French Government set up a system of financial incentives designed to encourage firms to carry out energy saving investments, both through the modification of existing plant and through replacement. In addition to the availability of grants, the Credit National—a finance house which acts as a channel for government loans—has been offering ten year loans with favourable repayment conditions and a 2 per cent interest subsidy.

But industry's response has been far from overwhelming. Against FF250m in 1977, the volume of loans fell to FF190m in 1978, and 1979 has seen a further fall so far.

Moreover, most of these loans have been to companies in the five most energy-intensive sectors; iron and steel, cement, chemicals, aluminium, and paper.

Clearly, energy savings are likely to be most attractive for these sectors, which had attached considerable priority to the problem, even before the crisis in 1974. As a result, the firms concerned are among the most efficient in the world in terms of energy use.

However, like French industry in general, most firms in these five sectors have invested relatively little recently. With the exception of certain parts of the chemical industry and cement, which have felt the stimulus of export demand, overall investment has declined for each of the last three years. The reasons for this are obvious. Surveys by INSEE (the

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Dangers of being language lazy

WHEN WERE the following words written?

"... in almost all markets it is a damaging, and often a fatal, handicap if representatives, whether principals or subordinates, cannot converse freely with the customer in his own language as well as read his newspapers and trade journals; and perhaps on equal handicap if correspondence from headquarters is not conducted in that language."

The answer is: in a Government report 49 years ago. Then, roughly three-quarters of the UK's overseas trading was with English-speaking countries. Today—according to the British Overseas Trade Board which this week repeated the 1930 warning in a depressing report on language skills—only 28 per cent of UK exports go to English-speaking lands. More than half go to Western Europe.

But such is the resistance of the British to acquiring fluency in foreign languages that the BOTB cannot look forward to an effective response to its new warning of the mounting economic dangers of British mono-lingualism.

English is the "business language" of the world. But, significantly, the report discloses that West Germans also learn French and Spanish while the French add German and Spanish, and so on. The reason is that although the ultimate buyer may be able and willing—if not pleased—to do business in English, key subordinates may not.

"Linguistic ability... will also make it easier for the exporter to build up an effective rapport with his customer. In many competitive industries this is likely to make the difference between a contract won and a contract lost," says the report.

Sophisticates who temporise by exporting through agents who are English-speaking nationals of the countries concerned, are told: "Firms may be at a disadvantage if, when selecting agents abroad they are restricted in their choice to those who speak English. It has also been suggested that companies may lose out if, by virtue of a lack of linguistic capability, they have no source of market information other than their overseas agents."

Nor does the "English lastness" threaten only exporters. New research indicating that developing Common Market regulations will soon make language skills critical to the running of purely domestic businesses will be spelled out on June 15 at a conference at London's City University Business School, to be opened by former Education Secretary, Mrs Shirley Williams. Typically, however, although this timely warning is being made available, few British managers have apparently so far shown interest in hearing it.

Michael Dixon

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EUROBONDS

The Association of International Bond Dealers. Quotations and Yields appears monthly in the Financial Times. It will be published in an eight-page format on the following dates in the remainder of 1979:

June	12
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Friday May 25 1979

Jordan

A need to make choices

By Anthony McDermott

THE HASHEMITE Kingdom of Jordan, like every country and political grouping in the Middle East, has been profoundly affected by the movement towards and conclusion of the peace treaty between Egypt and Israel.

Like others, it has had to re-examine basic attitudes towards the Arab-Israeli conflict. In the end it has had to make some uncomfortable choices, while attempting simultaneously to trim its policies in such a way as not to close all options.

Because of its fundamental political and economic vulnerability, Jordan is less able than any—bar the Palestine Liberation Organisation (PLO)—to afford the luxury of a long-term strategy. Its survival has depended on the skilful use of short-term tactics. So when the Camp David agreement was announced last September, Jordan expressed opposition but sat tight to see what others would do.

After the conclusion of the Washington Treaty in March, it moved with the majority towards isolating Egypt. But all the while it had accelerated its rapprochement with the PLO, kept in contact with its neighbours, Syria, Iraq and Saudi Arabia, and started some modest initiatives aimed at drawing the world's attention to the effects of Israel's occupation of the West Bank and Gaza Strip. These developments indicate

that Jordan, on the whole, is able only to react and not take major initiatives in the area. There is even talk of Jordan facing its most difficult crisis since the isolation and internal upheavals of 1958, and the clash with the Palestinians in 1970-71.

But King Hussein is now in his 27th year on the throne and in judging the external and internal dimensions of current events the vital difference is that, unlike those previous two major crises, Jordan is with the mainstream and majority of the Arab countries in opposing the Washington Treaty.

However, in the long term, the problems of external dimension have their links internally, in particular with the Palestinians who make up more than two-thirds of Jordan's population. This carries with it the potential for internal unrest, but so far its symptoms are far from evident.

Nadir

The fundamental effect of Jordan's reaction to the Treaty has been to detach it from two of its most natural allies: the U.S. and Egypt. In the former case, there seems to have been an extraordinary lack of understanding on Washington's part as to what realistically could be expected from Jordan. The nadir was the visit in March of Dr. Zbigniew Brzezinski, President Carter's National Security Adviser. He flew in for only a few hours with, characteristically, global strategy on his mind.

By contrast, Jordan, aware of U.S. pressure to join the Egypt-Israel negotiations, wanted to know quite simply: what did the treaty imply for the future of the West Bank? There was no meeting of minds, and Jordanian officials tend currently to be in the sort of mood where almost any U.S. move is examined for its sinister motives. Concern about the U.S. has been heightened too by the

By joining the majority of Arab countries which oppose the Egypt-Israel peace treaty, Jordan finds itself drawn into the uneasy position of being more militant than in the past. Jordan now has to tread a careful path which works towards a solution for the occupied West Bank while maintaining the stability that will enable the country's economic plans to be carried out.



Jordan's development hinges on its politics: extending a main irrigation canal at the southern end of the Irbid Valley.

overthrow of the Shah of Iran. On a personal level, King Hussein was shaken by the Shah's removal and as late as last November visited Iran to offer advice. But Iran's over-rapid economic development and its socially disruptive effects were totally different from circumstances in Jordan.

In addition, the fact that the U.S. proved to be incapable of helping its close ally, the Shah, when in trouble, served only to

strengthen for Jordan a lesson learned long ago: that in times of stress it has only itself to depend on.

Relations between Jordan and Egypt hitherto had been comfortable, in spite of the mutual antipathy between the two heads of state. But Jordan resented—as it did with the U.S.—President Sadat's apparent offhandedness in the way in which he entered negotiations with Israel about territory seized

from Jordan. In addition, with Egypt out of the military conflict, Jordan, like Syria, felt more exposed to Israel.

Several efforts were made to get Jordan to join the talks but, in Amman's eyes, the Camp David framework agreements and subsequent negotiations offered no firm commitment to Israel's full withdrawal. This would go some way to explaining why Jordan was the first member of the Arab League

to break relations with Egypt, at the end of March.

The question of negotiations over the West Bank and Gaza Strip is further complicated by the resolutions at the October 1974 Arab summit in Rabat which made the PLO "the sole legitimate representative of the Palestinian people" with the right to establish "an independent national authority" over all liberated territory. This has been reaffirmed most recently

at the two Baghdad summits last November and March, and at the Islamic Foreign Ministers' meeting in Fez, earlier this month.

Jordan's presence at the two Baghdad conferences aimed at isolating Egypt politically and economically was not without its material advantages. At the November meeting it was voted aid worth \$1.25bn for this year which will have the effect of easing the problems of financing arms purchases as well as making budgetary planning more stable. Jordan welcomed the summits and their resolutions towards restoring Arab co-operation shattered by Egypt's new relationship with Israel.

But while its neighbour Syria saw these developments as the starting point for the overthrow of President Sadat, Jordan's view was more restrained. Apprehensive about what might happen if Mr. Sadat fell, it hoped that the isolation measures would persuade the Egyptian President that Jordan should be offered something more alluring than vague and controversial terms for "self-autonomy" in the occupied territories.

As a result, by siding with those states rejecting the Egypt-Israel treaty, Jordan finds itself drawn from its traditionally moderate position to the uneasy one of being more militant than in the past.

One effect has been to speed up moves towards better relations with the PLO. King Hussein met Mr. Yasser Arafat, the PLO chief, for the first time on Jordanian soil since 1970 at Maifraq airbase in the north-east of the country last September, and again in March, and at the two Baghdad summits.

Joint committees have been set up—not least to administer together a fund of \$150m for projects in the occupied territories. The PLO has now appointed a senior representative to the Security Council

at Amman—Brig. Abdel-Razzaq Yahya, a former commander of the Palestine Liberation Army. But so far the get-together has been based mainly on expediency, not least for the PLO, which is apprehensive about developments in Lebanon, and the possibility of union between Syria and Iraq.

So although Jordan has pronounced its most forthright commitment so far to the principle of Palestinian self-determination in a state of their own on what was once Jordanian territory, meetings between Jordanian and PLO delegations have yet to produce far-reaching decisions. Jordan still stands by the decisions of the Rabat summit conference, which provides by default a useful opportunity for concentrating development efforts on the East Bank.

This is not to suggest that the West Bank is being neglected. In February, the Royal Scientific Society put out a study, drawing attention to the way in which, under Israeli occupation, land on the West Bank and Gaza Strip is being annexed; how the Israeli use of West Bank water, electricity, labour and capital resources was binding those territories with deliberation ever closer to Israel.

In March, Jordan initiated a debate at the UN, as a result of which the Security Council voted for the establishment of

BASIC STATISTICS	
Area	36,617 sq. m. 94,839 sq. km.
Population (1976)	2,780,000
GNP	JD 542.5m in 1976 JD 623.5m in 1977
Per capita GNP	JD 200
Exports (1977)	JD 82.06m
Imports (1977)	JD 454.42m
Exports to UK (1978)	\$6,153,000
Imports from UK (1978)	\$67,450,000
£=JD 0.610 (May 14, 1979):	

Continued on page 11



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JORDAN II

Economy depends on outside forces

THE EVIDENCE that Jordan's economy is developing swiftly but with a fair measure of control is apparent from one end of the country to the other.

On the consumer side, Amman, the capital, although beginning to sprawl into productive agricultural land, is evidently prosperous. Even if services are lacking in some areas, not even the lower-income, high-density areas of Jebel Akhdar or Jebel Nazzal come close to being slums.

On the development side, major industrial projects are either in action or approaching completion. The area around Aqaba in the south—Jordan's only port—gives the impression of being in the throes of a boom as a result of its exceptional combination of port facilities, industry, and spectacular possibilities for tourism.

But there remains always a darker side to this optimistic picture. Jordan is as vulnerable as ever to external events. Indeed, it can be argued that the more the economy develops, the more is at stake to lose in the event of political tensions in the Middle East.

Although Jordan is exerting itself to exploit its comparatively limited natural resources, it remains highly dependent on outside influences, which broadly take two forms.

The first is political, and more often than not deleterious. Jordan lost the fertile West Bank to Israel in the 1967 war and has been swamped by an influx of Palestinian refugees. The economy was devastated during the confrontation with the Palestinians in 1970-71. Most recently, it has been reacting with some apprehension, felt also in the financial sector, to the tensions in the Arab world, which have followed the conclusion of the Egypt-Israel peace treaty.

The second is economic. Jordan's economy is highly dependent on an inflow of funds from abroad. These take several forms, but mainly comprise budgetary aid, concessional loans, remittances from workers and increasingly, income from tourism. The conclusion must be, not that Jordan—unlike Israel—is living beyond its means, but that for many years it will be developing an economy highly dependent on outside help.

The high level of dependence on grants from outside has meant that budgetary planning, because of the uncertainty of receiving grants, especially from Arab countries, was a somewhat notional annual exercise.

Budget support from the Arabs in 1977 totalled JD 104.27 (\$334m), of which Saudi Arabia provided JD 56.33m (\$96m), while in 1978 it amounted to JD 66.3m (\$212m), of which Kuwait provided JD 30m (\$96m). U.S. aid of the same category in those two years amounted to JD 14.2m (\$45m) and JD 19.2m (\$61m). It is expected to provide only \$30m this year.

But the potential turning point occurred at the Arab summit in Baghdad last November when, in reaction against Egypt's moves towards a treaty with Israel, it was decided to set up a \$3.5bn fund for the confrontation states, the Palestine Liberation Organisation (PLO), and the West Bank and Gaza Strip.

Jordan's share this year was to be \$1.25bn, provided by Saudi Arabia, Kuwait, Libya, Iraq, the United Arab Emirates (UAE), Algeria and Qatar, in three four-monthly tranches. Considerable secrecy surrounds the details of the amounts provided by each country, but Iraq is known to have paid two tranches out of a total of \$180m pledged to Jordan. The UAE and Qatar have also paid up.

Inevitably, there has been speculation that not all countries will fulfil their promises—as has happened in the past. It is also pointed out that some donors will be unable to make their initial payments until their own fiscal years have begun.

Whether this happens in practice remains to be seen but the crucial point is that these funds, larger than any promised before, apart from being badly needed for the budget, provide an unprecedented measure of predictability for short-term economic planning.

In 1977 and 1978—overall and including budgetary aid—Jordan received, according to the Central Bank's statistics, JD 168.9m (\$540m), and JD 149.1m (\$477m). The U.S. has been a major supplier: JD 23.09m (\$74m) in 1977, and JD 25.09m (\$80m) in 1978.

The U.S. fiscal year begins on October 1 and for 1979-80, allocations are \$93m (made up of \$30m budgetary support, \$58m in long-term loans for capital projects and \$5m technical assistance), \$6.2m in PL 480 funds (which mostly pay for wheat imports from the U.S.), and \$50m for the Maqarin Dam.

In 1980-81, aid allocations are to total \$60m (made up of \$20m for the budget, \$32.7m for capital projects and \$7.3m in technical assistance). A total of \$150m has been pledged for the Maqarin Dam in yearly current population growth con-

	1974	1975	1976	1977
Visible trade	-105.9	-184.1	-270.0	-371.1
Services	+ 22.1	+ 65.3	+ 170.3	+ 210.3
Transfers	+ 86.7	+ 139.3	+ 126.6	+ 185.3
Current balance	+ 2.9	+ 21.5	+ 27.4	+ 5.0
Capital—Private	+ 1.0	+ 6.2	+ 3.4	+ 3.8
—Official	+ 9.9	+ 37.8	+ 27.8	+ 48.4
Errors and omissions	- 7.1	- 14.8	+ 1.5	+ 10.7
Basic balance	+ 6.7	+ 50.7	+ 2.3	+ 65.9
International reserves (\$m)	248.8	486.2	491.3	677.9

Sources: Central Bank of Jordan Monthly Statistical Bulletin, Vol. 14, No. 8 and International Financial Statistics.

Trade	-JD 353m (\$1.1bn)
Services	-JD 189.5m (\$578m)
Remittances	+JD 160m (\$512m)
Total foreign aid	+JD 182m (\$582m)
Tourism and transport	+JD 53m (\$170m)

Source: Central Bank of Jordan.

Baghdad payments. It is expected that this year's balance will show a similar surplus. This is attributed to the fact that the trade deficit could well rise to JD435m (\$1.3bn)—with exports up JD20m (\$62m) to JD115m (\$368m), and imports up by JD110m (\$352m) to JD260m (\$815m).

This reflects primarily the need for Jordan to pay more for its oil. Essential industrial and consumer imports from the West are bound to cost more, and capital development expenditure will be high as the 1976-1980 plan passes through its peak implementation period.

The Baghdad money has had in the short term the greatest impact on the budget for 1979. Total expenditure is to rise from JD363.1m (\$1.1bn) in 1978 to JD513.4m (\$1.6bn)—by 41.4 per cent, almost entirely due to the aid money. But much is made up of the fact that domestic revenues had risen by 13 per cent to JD178.5m (\$569m) to form 34.4 per cent of revenue and that they are covering an increasing proportion of current expenditure.

However, the actual percentage as an overall contribution (including development spending) shows domestic revenues as declining in their contribution from 60 per cent in 1976 to 38 per cent this year.

Development expenditure in 1979 rose by two-thirds to JD112.2m (\$360m) but, as usual, defence, including general security and civil defence, took a total of JD132.7m (\$425m) or 23.8 per cent of the budget.

In fact, the main part of the Baghdad money has been allocated either to defence expenditure or to meet the 20 per cent increase in wages for the civil service and armed forces, backdated from the beginning of the year.

Inflation continues to be an overriding factor of concern, especially as liquidity continues to rise sharply in the local market. In 1978, the rate of inflation was officially put at 7 per cent, but many local economists put the more realistic figure at closer to 10 per cent because of the way weighting factors have been selected in compiling official statistics.

Largely as a result of the

Anthony McDermott

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Two-thirds of the way through the current development plan the main indications—according to a study by the Royal Scientific Society (RSS)—are that only about two-thirds of the annual GDP growth rate target of 12 per cent had been met. By contrast, the targets for the contribution of domestic revenue towards the budget, both absolutely and as a ratio of total revenues, appeared to have been met in the first two years, and to be falling behind thereafter.

Constraints

However, the closing of the trade gap appeared to be far beyond reach. Imbalances in the regions of the country and between social classes have deteriorated. Work has begun on the next five-year plan, and the first signs are that planners are taking these last imperfections very much to heart.

Two constraints in particular are making it hard to conquer these problems. The first is the sensitive issue of birth control in a country whose population is rising annually at the high of 3.4 per cent. This inevitably puts a severe strain on services, and the Government's ability to match expanded demands for food.

The second is the growing imbalance in the distribution of the population and economic projects, which are heavily concentrated in Amman and Zarqa. The capital itself remains a pleasant place in which to live and move around. But if its current population growth con-

1550

Brisk moves in banking

Choices

CONTINUED FROM PAGE 1

THE ESTABLISHMENT of new banking institutions and the adoption of more sophisticated financial instruments have both moved ahead rapidly in the past year, reflecting the need to channel the continuing high liquidity of the economy into productive investment.

As long as internal stability continues and regional tensions are contained, the brisk development of the Jordanian financial sector should accelerate in the coming years.

Including the establishment of three new commercial banks last year (all of which had considerable shareholdings by Gulf interests), there are now 15 commercial banks in Jordan, of which five are branches of foreign banks. These have now been joined by two new merchant banking-type institutions—the Arab Jordan Investment Bank, and the Arab Finance Corporation (Jordan).

The Jordan Islamic Bank was formally established earlier this year, and opens its doors this summer. In keeping with Islamic precepts, prohibiting usury, it will not pay interest on deposits, but rather operate on the profit-sharing principle.

According to Dr. Said Nabulsi, the Central Bank Governor, Jordan now has enough banks, and therefore no new bank openings are anticipated in the near future. Instead, the Central Bank wants to encourage the opening of branches of existing banks in different parts of the country, as well as the proliferation of new financial instruments.

It is in this area that the 18 month old Amman Financial Market (stock exchange) will become more important. The exchange coded its first year of operations with a turnover of JD 9.8m (\$31.4m), including transfers, which covered only the shares of publicly held corporations. From the start of this year, the exchange has also been listing the Central Bank's 10-year development bonds, and private corporate bonds, whose issuance is stimulated by a new law that exempts their holders from paying income tax on the interest earned. Previously, only the Central Bank bonds enjoyed this privilege. Another law has reduced the income tax paid by publicly held industrial shareholding corporations. This is expected to encourage the

development—and trading in shares—of industrial companies.

Negotiable certificates of deposit (CD) have been introduced into the market by Citibank, with the semi-state Housing Bank planning to follow suit later this year. As the CD becomes more familiar to Jordanians, a secondary market in CDs is expected to develop in the Amman stock exchange.

The use of such novel financial instruments in Jordan will be further stimulated by the establishment this autumn of the Jordan Securities Company, in which the International Finance Corporation and one as yet undetermined foreign investment company will have minority shareholdings. The two existing merchant banking companies also plan to expand into this area when they have enough staff with the experience to match.

Perhaps the most satisfying new development this year has been the obvious ability of local companies to raise capital in Jordan, instead of turning to the Euromarkets as they had done in previous years. Five locally syndicated loans have been arranged during the past six months, the highest being for JD 7.5m (about \$25m), at interest rates of around 9 per cent and an average duration of six years.

Impact

This has reflected the highly liquid situation of Jordanian banks, whose total deposits rose from JD 227m (\$726.4m) at the end of 1978 to JD 448m (\$1.438m) at the end of 1979. Their outstanding credits have risen from JD 201m (\$643.2m) at the end of 1977 to JD 333m

(\$1.07bn) at the end of last year. This sharp rise in bank lending mirrors the rise in money supply and has prompted the Central Bank to keep a close watch on the inflationary impact of bank lending activity. According to Dr. Nabulsi, liquidity expanded at the rate of 32 per cent between March 1978 and March 1979, which is higher than normal. He anticipates Central Bank action soon to stem the rise in commercial bank lending, repeating the precedent set in 1978 when the Central Bank imposed credit ceilings and higher reserve requirements to reduce commercial bank lending for inflationary activities such as real estate dealings and imports of consumer items.

On the foreign exchange side, however, the Central Bank has loosened regulations during the past year and freed them altogether for the dealings of the

merchant banks. This anticipates the likelihood of regulations allowing the establishment of offshore banks in the near future, though the development of this kind of institution is, realistically, still several years away.

Of more immediate concern is the further development of the stock exchange and the sophistication of local banking institutions in raising capital at home for Jordanian companies. A good example of this has been the recent move by the cement company to float a \$15m bond issue on the Amman market to raise half the \$30m required to finance its present expansion project, with the other \$15m being raised through a Euroloan.

The trend towards a secondary market in bonds is also being hastened by the gradual withdrawal of the Central Bank from

its traditional practice of guaranteeing the redemption of its development bonds at any time before maturity. New Government bond issues will not carry the early redemption guarantee, but instead will be traded before maturity on the stock exchange.

Dealings in shares and bonds of private companies will also be stimulated by the expected transformation of the Pension Fund into an investment company to be called the Jordan Investment Corporation. The fund would turn over its pension-paying duties to the Finance Ministry, and instead would concentrate on what it already does best, taking equity shareholdings in new, and usually import-substituting, Jordanian companies.

Rami G. Khouri

Labour market dilemma

LABOUR CONTINUES to be a weak spot in the Jordanian economy and a contributor to inflation. However there are strong signs that as the labour picture becomes more complex it is also becoming slightly less worrying to the country's economic planners.

The basic problem is that the high demand for Jordanian workers throughout the Arab oil-producing states has left a gap in the domestic Jordanian economy that is being filled by rising wages to keep Jordanian workers at home and by imported foreign workers. There is also a high turnover of workers, which combines with rising wages to produce a higher inflation rate, generally lower productivity and, ultimately, lower profitability for private companies.

Four separate surveys conducted by the Labour Ministry during the past two years have produced the first accurate picture of the labour market available to economic planners in the country. This shows that there is a total workforce of some

600,000 Jordanians, of whom 250,000 live and work outside the country in the oil-producing states as well as the western industrial states.

The development boom's demand for workers has therefore not been fully met by indigenous Jordanians, and the economy has adjusted in two ways. The first has been a rising level of wages, particularly in the private sector but also to a lesser extent in the public sector. Over the 1973-78 period, wages have risen nominally about 16 per cent a year on average, but less than this in real terms when inflation is accounted for.

The second compensatory move has been to import foreign workers and encourage more Jordanian women to work.

There are now some 75,000 non-Jordanians working in the country, of whom Egyptians make up nearly 30 per cent, with large contingents from Pakistan, South Korea, Syria, Lebanon and India. These workers gravitate to several sectors, particularly tourism and agriculture, and about half

of them are unskilled manual workers.

There are firm signs that the rate of women's participation in the economy is increasing steadily, according to the labour surveys. These show that less than 5 per cent of Jordanian women worked in 1974, but that about 12 per cent work today.

Supply

The Jordanian Government's basic approach to solving the labour dilemma is to increase the supply of workers instead of restricting the outflow. For one thing, emigrant Jordanians send back home not less than \$750m a year in remittances, much of which has recently been finding its way into productive industrial investment. The Royal Scientific Society has just started conducting the first survey of remittances to determine precisely what role they play in the economy.

The Vocational Training Corporation is now working nearly at full speed, while secondary school curricula are being

gradually adjusted to meet the demands of the market place (for example, a nursing diploma is now offered to secondary school students). The educational and vocational training systems work on the assumption that 30 per cent of Jordanian graduates will leave the country to find work elsewhere, attracted primarily by higher pay.

While the supply side is receiving most attention, the Labour Ministry has also instituted a programme to monitor the inflow and outflow of workers, to keep an accurate record of changes in the labour market without imposing restrictions on the freedom of movement of Jordanian workers. This includes signing bilateral labour agreements with countries with whom Jordan exchanges workers, and posting labour attachés to Jordanian embassies in several Arab oil-producing states.

There are signs that the outflow of Jordanians is slowing down, meaning more will stay at home in the coming years. It is thought that the rate of emigration of 20,000 Jordanian

workers a year during 1974-77 has fallen to 10,000 workers annually today. There are also some other encouraging signs that the supply of workers will rise, such as higher applications for technical training courses, the rising number of women workers and moves by Jordanian companies to hire women for posts that traditionally had been held by men.

Another factor that is difficult to quantify is the generally more comfortable lifestyle that a worker finds in Jordan, compared to the harsh life in the oil-producing countries. The establishment in Jordan of the social security scheme and the spread of social services, coupled with higher wages, means the gap between the attraction of higher pay abroad and the collective advantages of staying in Jordan is closing. This will intensify as the general socio-economic development of Jordan continues, which means that the labour picture should continue to become less of a problem in the immediate future.

Rami G. Khouri

a three-member Commission to investigate the situation in the occupied territories, including Jerusalem. These were classic examples of the sort of small-scale initiatives Jordan is capable of starting at time of deadlock.

At the same time, it puts across to the PLO a message which Jordan believes is being gradually absorbed (Arab resolutions notwithstanding) that while Jordan is prepared to be more flexible about the long-term future relations between the West and East Banks, the PLO should be realistic enough to grasp that it is less well-equipped than Jordan—at least in terms of international acceptability—to help negotiate the return of the West Bank and the Gaza Strip.

But this has to be seen in the context of Jordan's requirement that a settlement should be comprehensive and that the negotiations to open shortly between Egypt and Israel over the future of the occupied territories are unlikely to produce anything acceptable. Or as King Hussein put it succinctly in an interview with Newsweek: "What we were offered... was a big fat zero."

Last month a small group of Palestinian guerrillas crossed the Jordan and were killed by Israeli forces on the West Bank. In spite of a campaign from Tel Aviv to suggest that this was one outcome of the rapprochement with the PLO, it is undoubtedly not the case. Jordan remembers well the massiveness of Israel's retaliation when Jordan was last used as a springboard for Palestinian attacks after the 1967 war. And these days, with the considerable investment in the Jordao Valley, there is infinitely more to lose.

Further, the deployment of the armed forces, still reckoned to be the most efficient in the Arab world, even if under-armed in comparison with its neighbours, is aimed primarily at preventing guerrillas crossing the Jordan river or from infiltrating from Syria or Iraq. It is inevitable that Jordan's more militant position internationally finds its echoes in the sentiments of the Palestinians, particularly those with close attachments to the West Bank. Therefore there is a tendency, as happened at minor university disturbances in April, for unrest to take on anti-Hashemite overtones, reflecting that for many the first allegiance is in the end towards Palestinian nationalism.

Once again, these develop- ments have brought up the question of the lack of formal political outlets. After the dissolution of Parliament in December 1974, there were no political chambers until the formation in April last year of the 60-member National Consultative Council, which has acted as a limited forum for discussing Government policies (The Senate, the 30-member upper house, was revived in January).

The limitations of these organisations have been emphasised by a restrained resurgence of the activities of the Right-wing Moslem Brethren and the Communist Party—both illegal and very much under surveillance. The professional associations, particularly in their internal elections, have been the most overt areas for political activity, reflecting official caution; the local Press has been warned not to allow itself to be used as an outlet for different political groups.

Uncertainty

The uncertainty has also had some effect on the economy. As articles on the economy in this survey indicate, although Jordan's dependence on grants and aid from outside is considerable, there has been much success in establishing development priorities, in encouraging local financial institutions, and in building the foundations of greater self-sufficiency.

But the Central Bank was aware that during March and April, when there appeared to be a campaign abroad to suggest that Jordan was passing through a period of instability, private investment and the inflow of remittances from workers abroad had slowed down noticeably.

For the moment there is little that Jordan can do but wait and see. Officially the hope seems to be that the UN Security Council or some form of the Geneva conference could provide an umbrella for talks on the West Bank in which it could participate.

But the U.S.-mediated initiative which led to the Washington treaty has placed Jordan in an uncomfortable dilemma. For both to stay out of negotiations for a long time, or to join them abruptly, eventually could have serious repercussions on internal stability. And yet the U.S., the prime mover in the Egypt-Israel treaty, hitherto regarded Jordan as a key, moderating bastion among the Arab states on Israel's frontline.

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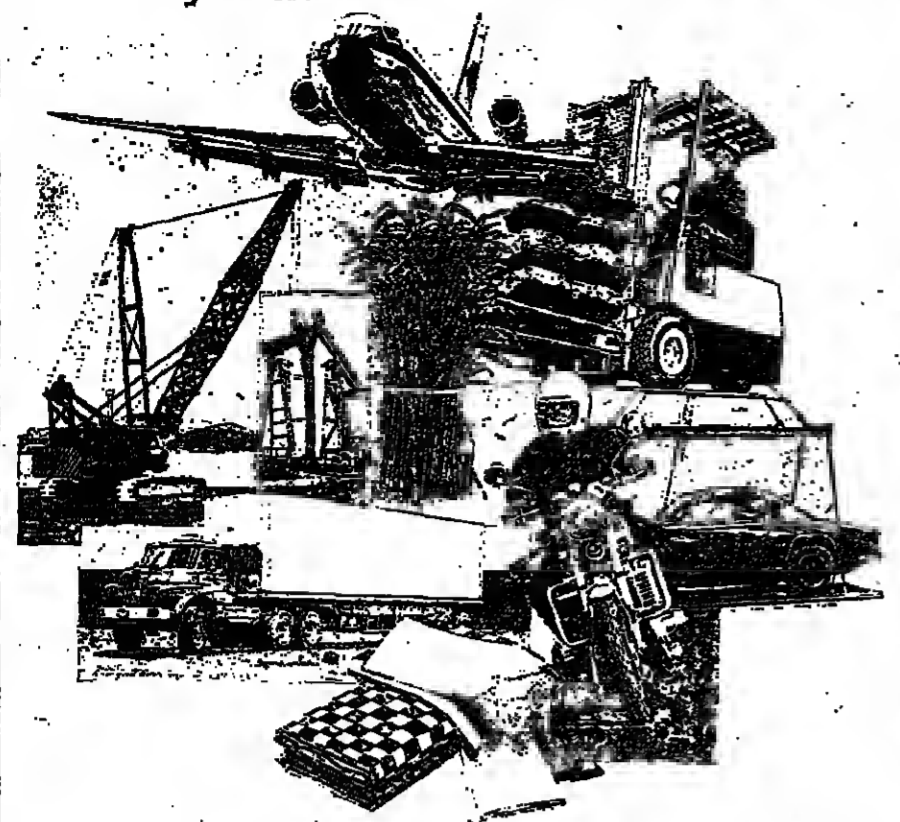
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Industry in transition

JORDAN'S INDUSTRIAL sector is dominated by five mineral-based industries, all of which are either being established or expanded. This means that the annual GDP statistics will reveal little growth in the industrial sector until work underway is completed. When this happens, however, the country's manufacturing and mining companies should show a large rise in their contribution to GDP, as well as making a significant dent in the chronic trade deficit in the early 1980s.

The five big companies cover the production of raw phosphate, potash, chemical fertilisers and cement and the refining of petroleum. Major expansion projects are in full swing at the phosphate, cement and refinery companies, while the potash and chemical fertiliser plants are being established.

The \$430m potash project going up along the south-eastern shore of the Dead Sea should come on stream in 1981, soon after reaching its full production of 1.2m tons, which will all be exported from the southern port of Aqaba. Also to be dismantled there will be a phosphatic phosphate chemical fertiliser plant produced at the plant now being built just south of the port by the Jordan Fertiliser Industry Company, at a cost of \$320m. This will also start production in 1981.

The third fertiliser-producing company is the existing Jordan Phosphate Mines Company, which increased its exports slightly to 2.23m tons last year, bringing in JD 21.2m in earnings. Its production capacity is being doubled to reach 6m tons by 1982. It will produce 3m tons this year, all of which have already been sold.

capacity in two stages over the next two years, rising from 500,000 tons per year now to 1.1 and then 1.6m tons per year. The rest of the industrial sector is filled in with many small and medium-sized companies which are being encouraged to reach greater levels of productivity by expanding output for the export market that lies at Jordan's doorstep in the neighbouring oil-producing Arab states. The lending activity of the Industrial Development Bank (IDB) and the licensing of new companies by the Industry and Trade Ministry both show that the trend is towards the establishment of fewer, but larger, manufacturing companies, with more sophisticated and more mechanised production techniques aimed at higher exports.

The development of the country's first planned and equipped industrial estate, at Sahab, south of Amman, should be a catalyst to the establishment of more medium-sized export-orientated companies. It will be several years before the estate is ready for use, but it will eventually have room for 700 small and medium-sized companies.

One factor that has been identified as a real constraint on the industrial sector is poor management, which the IDB has tried to tackle by establishing the Jordan Institute of Management. The institute this year started offering a wide range of short courses geared to the practical requirements of the country's middle-level managers. Another means of overcoming local management deficiencies is by encouraging joint ventures with foreign companies, which would provide managerial expertise along with their technical know-how. While the Government is keen to promote joint ventures, only a handful have actually been established, although these are operating very smoothly. Others should do even better in the future as the industrial infrastructure is further developed in the coming five years.

Additional new factors in favour of the industry sector are the growing ability of local companies to raise capital financing needs in Jordan, and the recent change in the corporate tax laws, lowering the taxes on publicly-held industrial shareholding companies to promote their attractiveness to local investors.

With the industry sector in an expansion phase, actual output has increased at a rate that only keeps this sector's share of GDP steady. According to the Central Bank's preliminary figures, mining and manufacturing accounted for 17.8 per cent of GDP last year, compared with 17.2 per cent in 1975. The current five-year plan expects this sector's share of GDP to reach 28.3 per cent by 1980, which will probably be reached about two years after that, according to current industrial activity.

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INDUSTRIES	1973	1974	1975	1976	1977	1978*
Agriculture, forestry and fishing	17.6	30.3	28.4	37.3	41.7	51.0
Mining and quarrying	4.0	10.3	16.3	17.8	19.9	22.9
Manufacturing	17.2	29.7	30.5	40.3	51.1	61.4
Electricity and water supply	2.8	3.0	3.1	3.6	4.1	5.2
Construction	15.2	16.8	16.1	23.2	27.0	35.0
Wholesale and retail trade, restaurants and hotels	38.1	42.3	46.3	61.5	68.6	81.0
Transport and communication	17.9	22.8	24.9	36.5	42.0	48.0
Finance, real estate and business services	22.5	25.2	29.7	33.4	43.6	52.1
Community, social and personal	3.9	4.3	8.5	8.1	8.8	10.2
Less: Imputed bank service charge	-1.6	-2.7	-2.9	-3.0	-3.4	-4.1
Producers of government services	46.7	54.3	65.2	81.7	84.4	95.0
Non-profit institutions	4.0	4.9	5.0	5.5	9.1	10.3
Domestic services of households	0.6	0.7	0.7	0.7	0.8	0.9
Total gross domestic product at factor cost	188.9	242.4	269.4	344.7	397.7	471.1
+ Net indirect taxes	29.4	4.9	8.2	43.2	74.3	81.0
= Total GDP at market prices*	218.3	247.3	278.6	387.9	472.0	552.1
+ Net factor income from abroad	23.2	32.0	62.9	146.6	145.9	155.0
= Total GNP at market prices	241.5	279.3	342.5	534.5	617.9	707.1
Less: Depreciation	8.3	8.5	9.0	10.0	11.0	12.0
Less: Net indirect taxes	29.4	4.9	8.2	43.2	74.3	81.0
Net national product at factor cost	203.8	265.9	324.3	475.5	522.6	614.1

* Preliminary estimates. According to the new United Nations system of 1968. Source: Department of Statistics.

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Steady

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Tourist Receipts, JDm

	1978	1978
Income	95	104
Expenditure	42.2	62.5
Balance	52.8	41.5*

* Reduced partly because of a readjustment in estimates of money spent by Jordanians abroad.

Source: Central Bank.

Tourism a vital sector

TOURISM IN Jordan is now such an important sector, earning vital quantities of hard currency, that it becomes increasingly urgent that the Government decides on its priorities. This is not to suggest that tourism as a sector has been neglected. Part of the problem lies in the fact that the choices open to the Government are so wide and so varied that there is perhaps no single clear cut priority. Nevertheless, it is apparent that the Jordanian Government has still to make up its mind about what sort of tourist it wants to attract and where.

The figures speak for themselves, illustrating a boom which has more than offset the loss of the West Bank and East Jerusalem to Israeli occupation, now in its twelfth year. According to the Ministry of Tourism and Antiquities, direct income has rocketed from \$30m in 1974 to about \$300m last year, and has already far outstripped projections in the 1978-80 development plan.

Visitors

Jordan's tourism industry calculates its gains on a net income basis, with tourist receipts being set against expenditure by Jordanians abroad and developing facilities at home. In addition, "tourists" are perhaps better categorised as "visitors", since the term embraces as well as tourists, businessmen and Moslem pilgrims. The numbers of visitors, of whom three quarters are Arabs, have risen from 131,700 in 1980 to 937,000 last year. The average number of nights spent by each visitor has remained steady between 2.6 and 2.8 for the past three years. Initial calculations for 1978 have provided something of a shock. An increase of 16 per cent over 1977 had been expected, and to judge by the figures for the first nine months this seemed a realistic target. But preliminary calculations (which may be revised upwards later) have shown an overall drop of 2 per cent.

Part of this drop may be attributed to tensions in the area in the wake of the Egyptian peace treaty. However, the underlying reason may be that the Lebanese civil war may well have exaggerated the "tourist" boom through the influx of refugees fleeing the fighting. Thus what Jordan is experiencing now is not a real decline, but rather a reversion to what should be normal levels of growth.

At the same time, it should be remembered that Jordan is a small country, the length of which could be driven in one day. But the variety of opportunities is both spectacular and bewildering. For the archaeologist, there is Nabatean Petra

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FINANCIAL MIDEAST MARKETS

JORDAN V

Agriculture plan will help trade

JORDAN IS realistically resigned to being a long-term net importer of food products, and is slowly implementing a strategy based on exploiting the large potential of the 66,000 hectares of irrigable land, primarily in the Jordan Valley region.

Most of the current five year plan's JD 112m (\$358m) investment in agricultural projects will go into the Jordan Valley and highland areas. The plan aims to raise agricultural income by 40 per cent by 1980, to JD 42m (\$134m), representing an annual growth rate of 7 per cent. This would bring the share of agriculture in the GDP to about 8 per cent, down from 14 per cent in 1972.

Already, the increased use of plastic hothouses, drip irrigation and mulch systems has dramatically increased production from irrigated areas during the past year. Total vegetable production last year more than doubled, reaching 410,000 tons, while fruit output also rose sharply, from 108,000 to 177,000 tons. But field crops were disappointing again in 1978. Wheat production dropped slightly to 53,000 tons and barley rose slightly to 15,000 tons. Despite the continuing high

level of food imports, Jordan's agricultural exports have recently overtaken raw phosphate rock to become the single largest export item, accounting for JD 21m (\$67m) in 1977. Exports last year were probably much higher as a result of increased vegetable output and the beginning of poultry exports, as the country has become more than self-sufficient in poultry needs.

Duplication

To devise a coherent long-term agricultural strategy, the Government has activated the Higher Agricultural Council, which includes senior members of all bodies in the country working in the agriculture sector. This will help eliminate duplication of work (such as research, extension services or credit provision), and will permit a pooling of resources to tackle the most pressing problems. These are: the need to

promote a more productive land tenure policy, with larger farming units conducive to mechanised farming; the need to halt the spread of urban areas into prime agricultural land, especially south of Amman and around the northern city of Irbid; and the need to devise an intelligent marketing policy that creates a strict price structure to meet the needs of the farmer and the consumer, by gradually reducing the role and large profits of the middlemen.

The livestock sector, largely the domain of the traditional bedouin community in the arid desert region, remains precarious due to poor range management. The first animal census will be made later this summer, though current estimates give Jordan 500,000 sheep, 250,000 goats, 40,000 head of cattle and less than 10,000 camels.

R.G.K.

Integrated

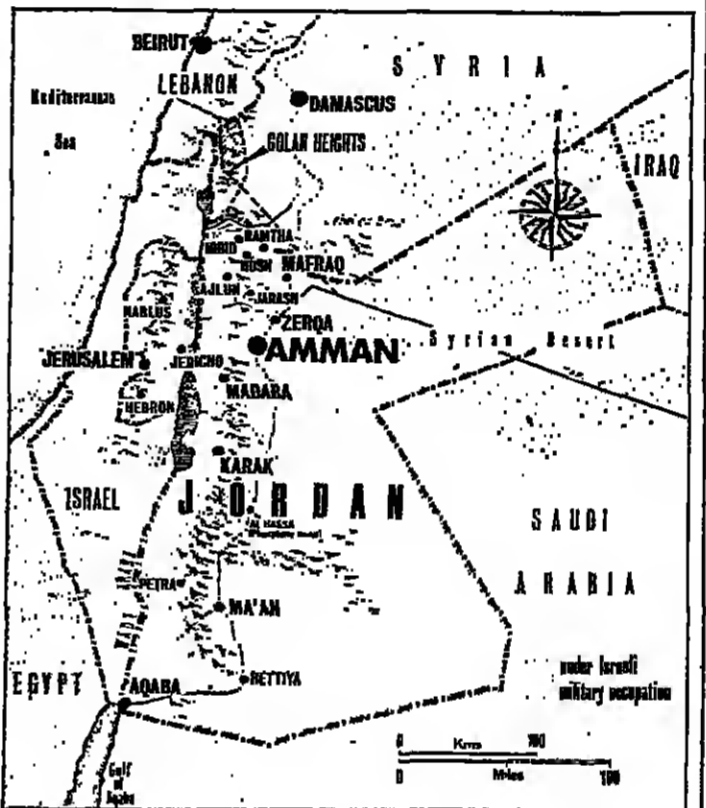
A comprehensive, integrated planning approach in the Jordan Valley, 300 metres below sea level, is designed to triple sprinkler-irrigated land to 36,000 ha during the coming decade. This will, in turn, double the valley's population

AGRICULTURAL PRODUCTION (EAST BANK ONLY)

(in thousands of tons)

Crop	1974	1975	1976	1977	1978
FIELD CROPS					
Wheat	334.1	74.1	100.7	93.8	92.8
Barley	244.0	50.0	66.6	62.5	53.3
Tobacco	40.0	11.8	13.2	12.0	15.6
Lentils	1.9	1.1	0.2	0.4	0.4
Vetch	31.0	5.2	10.4	6.0	8.3
Other	7.0	2.0	2.0	1.9	3.0
VEGETABLES					
Tomatoes	205.8	262.3	281.8	204.4	410.0
Eggplant	132.0	145.1	87.9	85.7	208.8
Cucumbers	32.0	39.6	41.9	24.6	64.1
Cauliflower and cabbage	16.0	21.3	13.5	13.6	30.1
Other	16.0	8.7	7.7	6.2	27.7
FRUIT					
Olives	156.7	91.7	83.4	103.6	177.2
Grapes	40.0	4.7	22.5	8.3	37.0
Citrus fruit	17.8	11.1	13.7	22.3	30.7
Bananas	34.2	12.8	16.5	36.5	32.9
Figs	4.4	6.2	4.5	2.4	21.1
Melons	1.2	1.4	0.3	0.6	0.3
Other	46.0	50.3	23.1	28.1	40.3

Source: Department of Statistics.



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Tourism

CONTINUED FROM PREVIOUS PAGE

added the arrangement whereby tour groups arriving on the East Bank are able to spend a few days visiting Holy Land sites on the occupied West Bank. Amman, the capital, also boasts several good restaurants, and by a curious quirk its Chinese

restaurants are the envy of the Arab countries. There are inevitably constraints but one may be disappearing. By the end of this year, the shortage of hotel rooms should have eased considerably. At present there are some 1,868 rooms in 39 officially listed hotels, and another 231 among 15 pensions. By the end of 1981, another 25 hotels, costing JD 41.4m (\$132.5m), will have been built, mainly in the private sector, adding another 2,855 rooms. The main increases will come through the construction of a hotel to be managed by Marriott (337 rooms), of a Sheraton (300 rooms), and of an extension to the Intercontinental (about 150 rooms), and 300 more rooms through resthouses to be managed by Grand Metropolitan.

The first major constraint is prices. The two five star hotels cost an average of at least JD 16 (\$50) a night for a double room, and the seven four-star about JD 8 (\$25). Second, Jordan is chronically short of qualified staff and remains consistently dependent on imported labour for every level, even though a hotel training centre was opened in 1976 and has turned out so far about 250 qualified staff. Third, the relationship between the public and private sectors has still to be fully worked out. At present, the Government theoretically gives the policy lead—but not the money: less than 1 per cent of expenditure in the 1979 budget goes on tourism, and the private sector is providing more than three quarters of the investment in tourism in the current Five Year Plan.

In the end, the clue to Jordan's tourism strategy is probably that there is no one answer. The variety of investment targets might spread investment thin, but there is the overwhelming counterargument that because Jordan has sufficient different sites it is able to spread tourists round the country and avoid potentially disrupting concentrations in a few spots. But there has been one indication of what the Government may make its priority: the successful despatch by air at the rate of between 150 and 500 tourists a week this winter on package terms direct to Aqaba. The company involved, Tjaerberg of Denmark, booked 70,000 nights in local hotels between November last year and April, 1979—earning Jordan \$5m.

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Jordan - The group issued advance payment guarantees and performance bonds and provided local working capital for contracts awarded by Jordan Fertilizer Industries of Amman to Ed. Zuhbi A.G. of Duisburg for construction work on a fertilizer plant and a loading jetty at Ajlaja port.

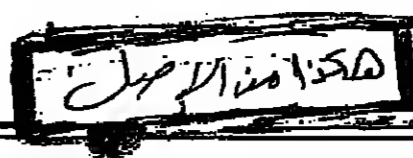
Doha - A view of the Ramada Hotel, part of a large development scheme being carried out by Sheikh Ghanem Bin Ali Al Thani an important customer of the bank in Qatar.

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THE ARTS



Helen Mirren Leonard Burt

Riverside Studios Measure for Measure

When the Duke of Vienna, disguised as the meddling friar, is asked for news of abroad, he shrugs his shoulders and says there is none, that "novelty only is in request."

At Hammersmith, Peter Gill takes the play as it comes and makes you wonder whatever it was about it that Coleridge found "so painful" or Swinburne "unclassifiable."

Unfashionably, perhaps, the production seems to affirm that there is nothing wrong with having principles. Again, there is the "problem" of the conclusion when the Duke, having sorted everything out, says to Isabella "What's mine is yours, and what is yours is mine."

Wigmore Hall Sarah Walker

Sarah Walker gave on Wednesday her first solo recital in London, an event that confirmed her as an artist of dazzling accomplishment. From her very first appearances on the London opera stage, there has always been something special about her.

Her programme—Haydn, Schubert, Poulenc, Enesco, and Ives—was not just nourishing fare, well balanced between seriousness and high spirits. It showed the new ease and roundness of the voice. One or two of the top notes still discoloured a little; for the rest, it was a pleasure to hear how the limpid, firm quality of the low voice can now be safely carried into higher regions.

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Cinema

The FBI in the dock by GEOFF BROWN

The Private Files of J. Edgar Hoover (AA) Screen on the Hill Escape to Athena (A) London Pavilion The Humanoïd (A) Classic Haymarket The Shape of Things to Come (A) Odéon Marble Arch British Movietone News

Larry Cohen's The Private Files of J. Edgar Hoover, far and away the week's most compulsive offering (indeed the only compulsory offering), isn't the first American film to investigate the FBI. Mervyn LeRoy, a personal friend of the bureau's director, looked into the institution in 1959 with The FBI Story.

With the help of a marvellous central performance by Roderick Crawford (and a strong cast all round) Cohen holds in a fascinating picture of Hoover as a man increasingly and dangerously obsessed by his own moral rectitude. He denies his staff the rights to fraternise with fellow employees of the monastic sex, the right to read Plutarch, to have coffee breaks, wear polka-dot ties (they're only for uniforms he declares), even to wear a five o'clock shadow.

The effect of the scene is stunning. Elsewhere, the picture of a decimated low-life society is conveyed by the supporting performances of Hugh Thomas as a pragmatic, gossipy Lucio and Michael Elphick as a thunderously Cockney Pompey, making a deal for his own neck by agreeing to break somebody else's. Only Patrick Drury's Angelo strikes me as colourless; he establishes the character's motivation without convincing us, as did Jonathan Pryce so memorably at Stratford last summer, of his pent-up and finally explosive lust.

The film also differs from most Hollywood biographies by its refusal to explain events with a crudely linked chain of cause and effect. Cohen's approach is discursive, elliptical: characters

and themes are presented in a mosaic which allows some of his most powerful points to emerge through inference. Take, for instance, Hoover's implicitly homosexual relationship with his aide Clyde Tolson (played by Dan Daitley—another old-timer giving a memorable performance). The mosaic pattern also leaves plenty of room at the corners of sequences for bizarre sidelights on character—Hoover showing off his newly sown mock grass on his lawn to a highly dubious Tolson, or Bobby Kennedy (as Attorney General, Hoover's nominal boss) phoning through to his adversary with the bark of his pet dog and the comment "Just wanted to see if you were there!"

The rest of the week's new films are solid dross by comparison, though minute flickers of entertainment (often unintentional) may be found here and there. In Escape to Athena the indefatigable Sir Lew Grade presents his now customary mixture of inter-racial stars, stale scripts, and foreign bank accounts. This one features the almost unendurable trio of Roger Moore, Telly Savalas and David Niven (not of mention Elliot Gould and Claudia Cardinale) in a tala of World War Two malarkey set on a Greek island. The director is Greek himself—George Pan Cosmatos, earlier responsible for Lew Grade's monumentally silly Cassandra Crossing, though the bulk of his job here is really performed by the aerial cameraman Richard Goodman and the helicopter pilot Marc Wolf.

When the audience is not being reluctantly taken on a panoramic tour of the buildings, rocks and coastline of Rhodes (the island location used), a tangled story is being told. Prisoners of a POW camp, occupied in digging up Greek art treasures, easily win over their Austrian commandant and art connoisseur Roger Moore (luckily attempting just the slightest foreign accent). They then unite with the local resistance movement (Telly Savalas) to conquer the monastery of Athena—revealed as the site of a monster German missile. Certain action sequences are staged with a splashy kind of panache, but the film's comic touch is immensely unsure. The nadir is probably reached in the uncredited appearance of William Holden—discovered leaning against a camp wall, smoking,

supposedly still imprisoned decades after Billy Wilder's Stalag 17. The joke was not worth making, but neither was the entire film.

The remaining two films are both science-fiction, and both impoverished children of Star Wars. The Humanoïd is Italian, Shape of Things to Come is Canadian (only the name of a single character, Dr. John Caball, really connects it with the Korda-E. G. Wells film). And both are dire. Perhaps The Humanoïd is the greater disappointment, if only because Italy had such a flourishing tradition of impudent, low-budget science-fiction in the 60s; one of the genre's mainstays, Antonio Margheriti, in fact provided the special effects for the present item, under his customary pseudonym Anthony F. Dawson. But the bizarre effects of films like Margheriti's The Wild Wild Planet (where people were miniaturised and put into handbags in the interests of intergalactic war) have now been replaced by a dull attempt to offer a cut-price copy of the Hollywood blockbuster.

The good planet Metropolis is under attack from the bad planet Noxon, whose weaponry is devised by black-coated Kraspin (Arthur Kennedy, that is, acting as though mad scientists had just been invented). Kraspin isn't just madly evil, however—he has a personal grudge. "Make sure there are no survivors," he rants before an assault force sets out—especially Barbara Gibson! But not even lines of such luminous absurdity (and some stirring music by Ennio Morricone) can save the film from the doldrums of appalling acting, endless razzamattas and the cute antics of Kim the robotdog.

The director is George B. Lewis; perhaps a pseudonym, perhaps not—it's difficult to care.

The director's name in Shape of Things to Come is no pseudonym at all—it's George McGowan, who directed the slightly esteemed Frogs in 1972, where Ray Milland found himself and his family under attack from rampaging reptiles. But the rampaging forces of destruction let loose by Jack Palance, dictator of the planet Delta III, prove far less engaging, despite the big sums spent on special effects. Carol Lynley gives a

spectacular display of bad acting as Nikki, Delta's deposed and high-heeled leader; Barry Morse gradually dies of intense radiation burns during his do-or-die mission to save the lunar colony of New Washington, and audience interest gradually dies along with him. It's a sad day for science-fiction cinema if this is really the shape of things to come.

One could argue, of course, that every day's a sad day of some kind for the cinema. Sunday, for instance, sees the release of the very last British Movietone News, the country's sole surviving cinema newsreel. It began 50 years ago—the first to use sound, capturing the voice of Ramsay MacDonald introducing the public to his new cabinet. But television news coverage long ago took the guts out of the genre, leaving cameramen little but sporting events, daff contests on village

greens, ship launchings and the various activities of Royalty to fill the allotted ten minutes. True to form, the Queen appears in this last edition, opening a typical newsreel non-event—the Chelsea Flower Show (the rest of the reel consists of past highlights from Movietone's abundant and invaluable archives). The newsreel as such may not be actively missed by anyone, but it would be rude not to salute the pioneer work done by cameramen in the past. And Movietone News was the last link we had with a whole world of cinema, a whole pattern of mass entertainment. Kenneth More, Kja-ora, Ealing comedies, organ interludes, Bomharder Billy Wells bashing the Rank gang, Edgar Wallace mysteries, battle-axe ushetties, vast audiences surreptitiously slipping into their coats during the National Anthem: all these are things that will never come again in a million years.



Corinne Clery and Richard Kiel in 'The Humanoïd'

St. John's Chelsea Opera

With the production of Simon Boccanegra that Abbado and La Scala brought to Covent Garden in March 1978 even now still sharp and fresh in the memory, a concert version was probably the best way to renew acquaintance with the opera in performance. But even a concert hall as pleasing as St John's is not the ideal setting for Verdi's score. The spare, sombre music, shorn of its overt dramatic trappings, can give the proceedings a hieratic feel, more like an oratorio than an opera; a scenario that depends so crucially on the conviction of the central role to bind and sustain it demands more complete psychological exposition than mere vocal portrayal can manage. And a cast five out of six of whose principals are male voices (and only one of those a tenor) needs the sharpest possible characterisation and dramatic pacing—precisely what the marvellous Italoio production provided.

But the Chelsea Opera Group is nothing if not adventurous. In recent seasons it has undertaken Browla's The Jacobins and given both parts of The Trojans; next season it's planned to present Benvenuto Cellini and Chaikovsky's Mazepa. The results achieved with an amateur chorus and an orchestra with only the bare minimum of professional stiffening are remarkable. In last night's performance only the woodwind sometimes sounded a little ill at ease; string and brass chording detracted not a whit from the edge of Howard Williams' dramatic pacing of the score. The chorus, one or two patches of rough tone apart, coped well. Adventurousness stopped short of giving us the original 1857 version of the score however, and in fact the superb scene added by Verdi and Boito at the end of the first act at the time of their collaboration on Otello brought the performance to dramatic life: Neil Howlett's Doge suddenly found the amplitude of the character in this scene and thereafter sang with considerable warmth, appropriately fearful of the size of the hall—soloists so easily drowned the orchestra at anything above mezzo forte; Boccanegra's final reconciliation duet with Fiesco (John Tomlinson) was a considerable improvement on their encounter in the Prologue.

ANDREW CLEMENTS

Malvern Festival The Elder Statesman by B. A. YOUNG

The Elder Statesman is Eliot's last play, and although it makes a good evening's entertainment, it still doesn't quite meet the demands that one hears after a play of modern everyday life, in a kind of verse that could sound like modern everyday speech, yet with enough depth to carry the significance of the Greek dramas that served as his models.

The merits first. The verse is eminently speakable; those who choose to think of it as heightened prose may consider it as prose, those who regard it as verse may take the author's word that verse is what it is. It flowers now and then into beautiful, meaningful phrases that spring from the ordinary conversational level. In spite of everything, in defence of reason," says Lord Claverton, the retired politician and City magnate who has been plagued by the resurrection of his youthful betises, "I have been hushed by the wing of happiness."

Lord Claverton (magisterially played by Paul Rogers), near the end of an apparently successful life, meets two people who remind him of his early errors—Gomez, né Culverwell, who blames him for having led him into extravagant ways and reminds him that he once failed to atop after running a man over in the street, and Maisie Carghill, a former revue star, who was hought off after threatening a breach of promise action.

These two, appearing as symbolically as Eliot's characters do appear, serve the purpose of the Furies in The Family Reunion. But by this time Eliot was more concerned with the problems of writing about "furnished flat sort of people," and both the characters of The Elder Statesman and their misdeeds are unimaginative. Surely it should have been possible to

think of something less mundane for Claverton to have done than to have been involved in a motor-accident and to have had an affair with a chorus-girl? (I seem to have left consideration of the merits already.) And does the love affair of Claverton's daughter Monica with Charles Hemington amount to more than a very ordinary romance? It may be that Eliot particularly wanted these things to be ordinary, so that his overall theme, that we must beware of the lifelong consequences of what seem to be trivial misdemeanours, should be most universally applicable.

I enjoyed the play, for all its weaknesses, and Bill Pydd's production at the Birmingham Rep is good to hear and partly good to see. Martin Johns' set for Act One, with the detached fets behind each chair in Claverton's drawing-room, is enchanting, but the terrace of Badgely Court, the nursing-home where Claverton has gone to die, like Oedipus, under a heech-tree, needs decoration.

Robert Fienmyng plays Gomez with a full repertory of Central American gestures that combine with his untrammelled Oxford voice to produce a genuine displaced person; you can see why Claverton was so reluctant to let his son Michael go and join him in his successful business in the Republic of San Marco. Rosalind Boxall is rather enchanting as Mrs. Carghill, the former revue singer, still in love with the ghost of the young Claverton (or Ferry, as he was in her day), yet respectfully settled down as the widow of a wealthy man.

Monica and Charles (Carol Drinkwater and David Collings) are a pretty featureless pair, and no doubt it would be wrong to try to make them anything else. Young Michael is given a properly shifty look by Roger Davidson; I should have thought Claverton would have been glad to get him off his hands.

YOUR PHONE BILL.

Owing to industrial action, most of our customers won't be getting a bill for this quarter. And with 15 million customers you'll appreciate we can't send you handwritten bills, except for certain heavy usage customers.

Your first feeling may be one of relief. But what this really means is your next bill could cover a longer period and be proportionately bigger.

To help you over this problem, we recommend you buy telephone stamps to the value of what you estimate your bill to be.

You could use your last bill as a rough guide, as the basic charges haven't changed.

You can get telephone stamps and a book to put them in from any Post Office.

This way you'll be prepared when your bill does arrive.

Post Office Telecommunications

Strong sterling holds back Beecham to £144m

DESPITE SECOND-HALF profits down from £70.4m to £67.9m, Beecham Group finished the year to March 31, 1979, with taxable surplus up from £139.4m to £144m. Sales were well ahead at £223.1m, against £232.4m.

HIGHLIGHTS

A day dominated by FT-index stocks saw major disappointments. The first quarter from ICI was battered by currency parities and the effects of severe weather conditions, to say nothing of the transport strike. The shares reacted badly and Lex examines prospects for the rest of the year.

Loss of £1.7m by FPA

Tax for the year took £62.4m, compared with £56.5m—SSAP 15 has been adopted and comparatives adjusted. Unrecoverable AVT totalling £11.8m (£4.7m) has been written off.

MAINLY DUE to writing down development properties and problems of F. P. A. Finnegan prior to its sale, results of the F. P. A. Construction Group for the year ended January 3, 1978, show a loss of £1.7m, compared with a £270,000 profit previously.

Glossop downturn to £0.5m

Trading results for 1978-79 include seven months of the Scott and Bowne consumer products business, and 13 months of the veterinary and animal health business acquired from Robm and Haas.

FOLLOWING the £20,000 fall to £315,000 at mid-year, pre-tax profits of W. and J. Glossop, public works contractor, were down from £280,915 to £261,783 for the year ended January 31, 1979.

Unappropriated profits amounted to £225,000 (£369,000) and stated earnings per 25p share are up from 15.3p to 16.5p. The dividend total is raised from 5.46p to 6.04p with a final payment of 4.035p net.

Simon Engineering's broad base of international activities brings further increases in turnover and profit.

Table with 6 columns: Geographical Area, U.K., Europe & U.S.S.R., Australia & N.Z., North & S. America, Rest of the World. Rows include Turnover and Percentage of Total.

Table with 4 columns: Activity, Turnover, Profit, Percentage. Rows include Food engineering, Manufacturing, Process plant contracting, Merchandising and storage, Interest, etc., and Total.

The Chairman, Harry Harrison, comments on the Group

In Simon, and in the country as a whole, there is a wealth of personal talent and skill not yet fully tapped. There are vast rewards available to everyone concerned if we could reach the productivity levels of our international competitors and any new approach to pay settlements must encourage this achievement.

The twin problems of productivity and an orderly pay settlement procedure require the joint attention of Government, Industry and Trade Unions. The problems are not new and I sense that there is currently more serious concern to resolve them.

The Future

For several years past economic forecasts have been pessimistic but we have continued to grow.

Looking further ahead the signs indicate a period of slow growth in world trade but slow growth is not no growth and there will be no slackening of effort to take advantage of opportunities as they arise from whatever part of the world.

The next few years should be very challenging and very stimulating. I am confident that with the inbuilt strength of our Group, in our employees, our products and skills, and our international market cover we can look to 1979 being another year of reasonable growth.

SIMON ENGINEERING LTD

Copies of the Annual Report may be obtained from the Secretary, Simon Engineering Limited, Cheadle Heath, Stockport, Cheshire SK3 0RT

ICI down in first quarter

A £20M PROFIT setback arising from the road haulage strike caused a further slide in performance at Imperial Chemical Industries in the first quarter of 1979. Taxable earnings were £14m lower at £88m and the repercussions of the dispute are still being felt, the company says.

Group external sales in the first three months were up from £1,060m to £1,130m including UK turnover £46m higher at £47.2m. Exports were £31m better at £236m. The lorry drivers' action caused approaching £100m in lost sales of which only about half have been recovered.

Extel improves by £0.5m to finish with £2.56m

FOR the year to March 31, 1978, pre-tax profits of Exchange Telegraph Company (Holdings) advanced from £2,066m to £2,566m. At the interim stage the improvement was from £1.19m to £1.33m.

Unappropriated profits amounted to £225,000 (£369,000) and stated earnings per 25p share are up from 15.3p to 16.5p. The dividend total is raised from 5.46p to 6.04p with a final payment of 4.035p net.

Accounting procedures have been changed so that sales and marketing costs on new contracts for the supply of telephone communications systems are no longer deferred. Also, deferred tax has not been applied to

Boots sales and profit up but margins reduced

INCREASED sales and profits for the year ended March 31, 1979 are reported by the Boots Company, pharmaceutical and retail chemist group, but the directors say the year's trading result was disappointing and the satisfactory results expected at mid-year were not achieved.

Sales were up 19.1 per cent from £883.8m to £1.1bn but pre-tax profits rose only 5.6 per cent from £107m to £113m. The downturn in the current year although there will be difficulties from recent increases in labour costs and raw material prices.

Costain looks to new areas

World-wide sales, retail and industrial together, were up, but net margins at home and overseas were slightly reduced by inflationary pressures from cost and wage increases in tight market conditions.

The board is continuing with the capital investment programme to develop further the retail and industrial operations at home and overseas.

The effect is that the tax charge is reduced to an effective rate of about 31 per cent of declared profits, and the com-

DIVIDENDS ANNOUNCED

Table with 7 columns: Company Name, Current payment, Date, Corrected payment, Total last year, Total year. Lists dividends for various companies like Associated Engng, Associated Sprayers Int, Beechams, etc.

comment

The Exchange Telegraph results for the year were in line with market expectations and the shares rose 1p to 177p. Group profits before tax and minority interests of Wigmore for the year ended March 31, 1979, is £1.11m (£1.01m). Turnover was £37.6m (£31.7m).

Freemans set for decade of strong growth. Growth, but at a lower level than the 28 per cent seen in 1977-78, was forecast for the current year at Freemans (London 500) at the annual meeting by Mr. Anthony Ramp-ton, the chairman.

Table with 2 columns: Year, 1978-79, 1977-78. Rows include Sales, Trading profit, Income, Interest paid, Exchange loss, Profit before tax, Tax, Net profit, Minority interests, Amortisation, Extraordinary debit, Final dividend, Retained.

VIKING OIL: The proposed merger between United Biscuits Holdings and Rakusen Group is not to be referred to the Monopolies Commission.

COURTAULDS

Profit and Dividend 1978-79

The Board announces its intention to recommend a final dividend of 5.674p per Ordinary Share which, together with the interim dividend already paid, makes a total for the year of 8.438p (gross equivalent of 12.594p - 1977-78 11.452p).

Table with 4 columns: The results are, Year to 31st March 1979, 1978, £m, £m. Rows include World Sales to Third Parties, Sales to UK Customers, Exports from United Kingdom, Trading Surplus, Depreciation, Profit before Tax, Less Taxation including £7.6m abroad (1978 - £4.1m), Less Minority Interests, Less Extraordinary Items, Courtaulds Shareholders' Interest, Dividends - Preference, Retained, Earnings per Ordinary Share (before Extraordinary Items) 13.360p (1978 - 11.054p).

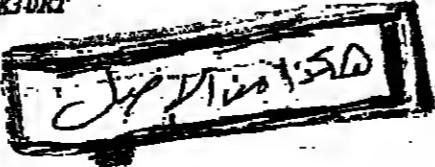
Extraordinary Items comprise: a loss of £4.5m (1978 - £3.0m) arising from converting net current assets of overseas subsidiaries into sterling at a higher exchange rate than last year; reorganisation and closure costs of £17.9m (1978 - £2.9m); and gains from the realisation of fixed assets and investments amounting to £18.7m (1978 - £1.0m).

Trading results benefited from more buoyant conditions in the UK and substantial progress was made in eliminating loss-making activities. The increase in profits was largely attributable to improved results in the fabric and consumer product activities and to better margins in the overseas manufacturing companies.

Capital spending during the year amounted to £50m which represents a low point in the Group's capital spending programme. After repaying £50m of borrowings, cash resources were unchanged. A substantial re-equipment and modernisation programme is now underway aimed at reducing costs, improving quality and increasing capacity in certain areas, notably in some fibre, chemical, fabric, polypropylene film and paint activities.

The Report and Accounts will be posted to Shareholders on 18th June 1979 and the Annual General Meeting will be held on 18th July 1979. The ordinary final dividend will be paid (if approved) on 27th July 1979 to Shareholders on the register on 24th May 1979.

Courtaulds, Limited 18 Hanover Square, London W1A 2BB D. C. Fimlott, Secretary 24th May 1979



UK COMPANY NEWS

Berec finishes £5m down after lower second half

LOWER second-half profits left Berec Group, formerly Eveready Company (Holdings), down at £20.5m in the 53 weeks to February 3, 1979, compared with £25.9m.

BOARD MEETINGS

Table listing board meetings for various companies including Greenall Whiteley, Allied Leathers, and others, with dates and locations.

comment

Margins on Berec's UK battery operations were down in 1978-79 largely due to action by the Price Commission.

Price Commission. Crabtree, the electrical wiring and circuits subsidiary, had a good year but it is still small relative to the battery side and could hardly be expected to offset the downturn there.

Assoc. Engineering down £4.7m in tough half-year

PERFORMANCE BY Associated Engineering was severely affected by disruptions to both production and sales in the first half. For the six months to March 31, 1979, taxable profit was down £4.7m at £10.3m.

Profit was struck after £3.3m (£1.5m) interest and £4.3m (£3.5m) depreciation. Minorities (£3.5m) and there was again a £0.1m (same) extraordinary credit. The balance retained emerged at £4.4m (£2.8m).

comment

The 31.3 per cent drop in Associated Engineering's pre-tax profits at the interim stage was disappointing, even given a gloomy winter both in the UK and abroad.

Simon £13m call to aid expansion

Simon Engineering is asking shareholders for £13m through a one-for-five rights issue. The specialised machinery and process plant contracting group wants the money for expansion.

comment

At first glance Simon, with such a strong balance sheet, is an unlikely candidate for a rights issue, pitched at a discount of about 17 per cent.

Capital & Counties up £2m

A £2m advance in taxable profit on the revenue account was achieved by Capital and Counties Property Companies in the year to March 31, 1979. Interest was sharply down from £4.32m to £1.14m but administration expenses were £0.62m higher at £1.51m.

but this time they are to be welcomed. Interest on trading properties—mostly housebuilding and flat sales—is no longer capitalised, though capitalisation will still apply to the growing investment development programme.

comment

Capital and Counties' frequent accounting policy changes have incurred disapproval in the past

K Shoes advances to £2.1m

TAXABLE PROFITS of K Shoes jumped from £1.55m to £2.11m in the half year to March 31, 1979. And the directors say that demand on the K Shoemakers factories continues to be strong and this has helped improve profitability.

margins are comfortably better than the previous comparable period, they are roughly one and a half points below last year's second-half level of 8.6 per cent. This is mainly due to a squeeze in the important retail division where, because the severe weather dampened trade, the winter sales were extended from the customary three weeks to about five in order to attract custom.

Sales pick up well at Cadbury

Sales of Cadbury Schweppes had picked up well since a difficult start to the year, particularly in the UK because of the weather and the road haulage strike.

G. B. Britton increases to record £3.4m

Record profits are reported by G. B. Britton and Sons (Holdings)—the taxable surplus rising from £2.25m to £3.44m in 1978, on higher turnover of £41.79m, against £38.2m.

Highgate slips into the red in second half

Highgate Optical and Industrial Co. ran into losses in the second half of 1978 and pre-tax profits finished the year well down from £209,222 to £12,527. At the interim stage the decline was from £136,000 to £48,000.

B and Q offer oversubscribed

Stags were out in force to subscribe for the 4.89m 5p shares

Stenhouse static at £4m

UNCHANGED pre-tax profits of £4m are reported by Stenhouse Holdings for the six months to March 31, 1979. Earnings per 25p share are 5.14p (5.45p). The interim dividend will be announced on August 23. Last year's total payment was 4.52p net of profits of £10.3m.

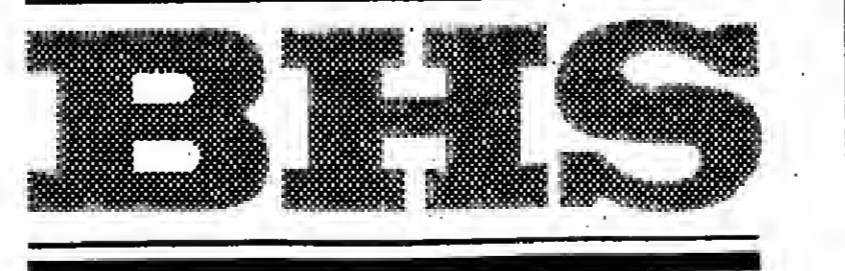
Table showing financial details for Stenhouse Holdings, including operating expenses, interest, and profits for various periods.

BRITISH HOME STORES

Highlights from the Statement by the Chairman, Sir Jack Callard:

- Pre-tax profit up 24.3% — margin improved to 10.4%
● Maximum permitted dividend
● Four new stores opened
● Six new stores opening
● Experimental specialist lighting shops venture to be launched
● Encouraging progress on SavaCentre hypermarkets
● Buoyant sales start

Table comparing sales and profit for 52 weeks to 31st March 1979 and 1st April 1978, showing increases in merchandise, food, restaurant, and total sales.



BRITISH HOME STORES

FOOD PRICE MOVEMENTS

Table showing food price movements for various items like BACON, BUTTER, EGGS, and LAMB, with columns for May 24, Week ago, and Month ago.

INTER-CITY Investment Group Limited

Table showing results for the financial year ended 31st December, 1978, with columns for 1978 and 1977, including Group Turnover, Profit before Taxation, and Retained Profit.

I am pleased to announce a Group profit, before taxation, of £700,000 for the year ended 31st December, 1978 compared with £300,000 for the previous year. The accounting policy for deferred taxation has been changed to comply with Statement of Standard Accounting Practice No. 15.

MINING NEWS

Mining plea to Canada's new Government

BY KENNETH MARSTON, MINING EDITOR

THE Canadian mining industry will have to more than double its present output over the next 20 years if Canada is to retain its share of world mineral markets, according to Mr. M. J. Upham, President of the Mining Association of Canada, reports John Sogaminoh from Toronto.

New mines must be brought into production and the industry's exploration effort must be strengthened and expanded to achieve such an objective, he said.

Mr. Upham, completing a two-year term as president, was speaking at the annual general meeting of the Association in Ottawa.

Mr. John McCreech, chairman of the committee on the Association's new president, said: "At present there are at least 50 major deposits which are sitting on the shelf." Mr. Upham said.

He said that the maximum of 10 to 15 are of sufficient stature to be economically attractive. Some of these should have been developed in the past few years in anticipation of the turnaround of the market cycle.

He pointed out that the industry-government sector task force on the Canadian iron-ore and steel industry concluded that the sector of mining over the next 20 years could add an extra \$2.1bn (£850m) to Canada's gross national product, create 250,000 new jobs and strengthen the balance of payments position by adding \$380m more to exports.

These conclusions are realistic if two major concerns about the

industry's future are dealt with, he said.

"The first is our ability to retain and expand existing markets and the second is the need, over the longer term, for a stable policy environment in which the industry can operate."

"That means introduction of Government policies to help increase the number of new mines and to encourage exploration for new mineral deposits. Large amounts of investment capital are required if Canada is to expand mineral production, Mr. Upham said.

Yet, investment confidence in Canada has received some sharp jolts in recent years—including Government takeovers in Saskatchewan, similar announced intentions in Quebec for asbestos, unreasonably high taxation of the industry and an extended period of dispute between the federal government and provincial governments over resource taxation.

"These can hardly have encouraged investment. Despite such events I feel Canada still ranks as a leading contender for mining investment," Mr. Upham concluded.

But the assembling of investment "will only be possible if the industry itself is permitted to recover a sufficient proportion of its gross income in ongoing development and earn a reasonable rate of return." Calling on the new Conservative Government to recognise the contribution the mining industry is able to make to the Canadian economy, Mr. Upham said that taxation remains of fundamental

importance to any Government wishing to take advantage of the potential this industry has to offer.

Brazil's \$110m iron ore plant

A \$110m (£53.5m) Brazilian-Spanish joint venture, Hispanobras, destined to produce 3m tonnes of iron ore pellets a year was officially inaugurated yesterday in the area of Brazil's Tubarao Port, Espirito Santo state.

Brazil's state-run mining conglomerate, Companhia Vale Do Rio Doce, holds 50.69 per cent of the venture while 49.11 per cent is owned by Eusidesa—Empresa Nacional Siderurgica—of Spain.

Initially, Eusidesa will absorb 60 per cent of Hispanobras's annual output, affording Brazil annual export revenue of \$75m. Thereafter, as Spain increases its steel-making capacity the Spanish quota will increase. When Spain produces 11m tonnes of steel a year, Eusidesa will absorb all the Hispanobras output.

Companhia Vale Do Rio Doce, which has been building up its pelletising capacity in recent years, has a similar joint venture with Japanese steel interests, also in Espirito Santo state. It is currently exploring the possibility of pelletising associations with several Third World countries.

RCM debt load dims profits

ZAMBIA'S State-owned copper group, Roan Consolidated Mines (RCM) yesterday announced a net profit of Kwacha 22.8m in the third quarter ended March 31, 1979, bringing net profit for the nine months to Kwacha 41.1m (£25.1m), compared with losses of Kwacha 6.2m and Kwacha 22.2m in the corresponding periods of the previous year, reports Michael Holman from Lusaka.

But during the third quarter there was a fall in production owing to the loss of skilled manpower and shortages of essential spare parts because of inadequate foreign exchange allocations.

Although the availability of spares is improving, the loss of skilled personnel continues. "Mine production will continue to decline until such time as the employment of skilled personnel can be increased," a spokesman warned.

Finished copper production for the quarter and nine months was 65,425 tonnes and 205,571 tonnes respectively, compared with 71,561 tonnes and 199,309 tonnes in the same period of 1977-78. Sales of copper in the quarter ended March 31, 1979, were 93,080 tonnes, and 216,876 for the three quarters.

The level of the company's debt fell by Kwacha 25.5m to Kwacha 250.7m during the nine months ended March 31, 1979. No dividend has been declared for the third quarter. The shares in London yesterday were unchanged at 130p.

JIMBERLANA TO GO EXPLORING IN INDONESIA

Australia's Jimberlana Minerals intends to purchase a 70 per cent interest in an exploration area covering 97,000 hectares at Irian Jaya (West Irian), Indonesia. Apart from Precop Sulphur, which is operating the big Esriberg copper mine, Jimberlana will be the only foreign company with a right to explore in Irian Jaya.

The area to be prospected is near Anggi Lakes and extends to the coast in the north-western section of Irian Jaya. It was previously examined by Dutch Government teams between 1959 and 1961 at a cost in today's terms of about U.S.\$4m (£1.95m).

PHOENIX ASSURANCE COMPANY LIMITED

Estimated results for the three months to 31st March 1979

The following are the estimated and unaudited results of the Phoenix group of companies for the three months ended 31st March, 1979 with the comparative figures for the corresponding period in 1978 and actual results for the full year 1978.

	3 months to 31.3.79	3 months to 31.3.78	Year 1978
	£m	£m	£m
Net premiums written: General (fire, accident, marine and aviation)	91.5	86.7	337.6
Investment income	11.5	9.8	39.5
Underwriting profit			
General	-6.4	-2.9	-2.7
Long-term	0.5	0.4	2.2
Less expenses not charged to other accounts	5.6	7.3	39.0
Profit before taxation	0.4	0.3	1.4
Less: Taxation	5.2	7.0	37.6
Minority interests	1.5	2.3	11.9
Minority interests	0.8	0.7	2.8
Net profit	2.9	4.0	22.9
Earnings per share	4.8p	6.7p	38.0p

Overseas currency transactions have been converted at rates of exchange appropriate to the periods in question. In converting US dollar transactions for the 3 months to 31st March, 1979 a rate of \$2.07 has been used (\$1.87 for the 3 months to 31st March, 1978 and \$2.04 for the year 1978).

NEW LONG-TERM BUSINESS

	3 months to 31.3.79	3 months to 31.3.78	Year 1978
	£m	£m	£m
New sums assured	391	260	1,722
New annuities	3.9	2.7	17.1
New annual premiums	3.4	2.7	15.2
New single premiums	6.7	6.3	21.0

Chairman's Comments

At the annual general meeting of the company held yesterday, Mr. Jocelyn Hambro, Chairman, included in his remarks the following comments on the results for the three months ended 31st March, 1979.

"Premium income and other figures were again affected by currency fluctuations. General premiums written showed an increase of 5% compared with the first quarter of 1978 or approximately 12% after adjustment for currency fluctuations. Investment income is 17% higher and, after similar adjustment, approximately 22%. The net profit of £2.9 million compares with £4.0 million as published at the same stage last year or approximately £3.7 million after adjustment.

"The general business underwriting loss has increased from £2.9 million to £6.4 million. The deterioration was due to the severe winter in the United Kingdom, Europe and Canada. An increased number of motor and household claims contributed to a home fire and accident underwriting loss of £4.4 million compared with £3.0 million for the first quarter of 1978.

"The United States was marginally profitable with an operating ratio of 97.8 as against 96.5 for the corresponding period of 1978."

The Chairman went on to say: "We always emphasise that one quarter's results cannot be taken as a reliable guide to results for the full year. This is particularly relevant on this occasion. The first quarter is behind us. Although the second quarter's United States results will be affected by tornado losses in Texas, we are looking forward to a more normal pattern of trading during the balance of the year."



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Greengarden Investments Limited
Greengarden House, St. Christopher's Place, London W1M 5HD
Tel: 01-486 2771 (from June 1979 01-486 8361)



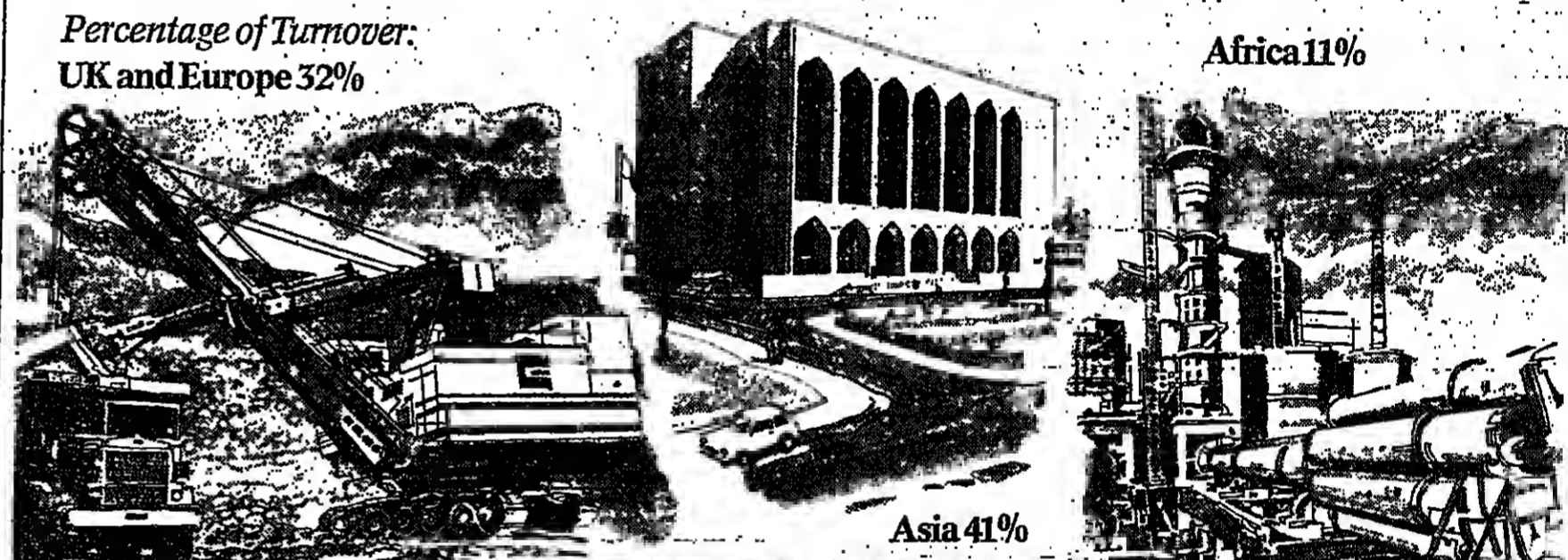
Sales Now Exceed £1,000 Million

RESULTS FOR THE YEAR TO 31ST MARCH, 1979

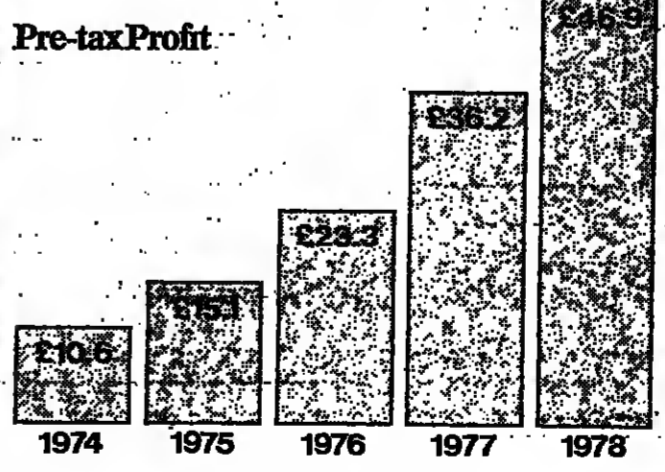
	Year ended 31st March 1979	Comparative figures of previous year	% Change
	£m	£m	
Sales	1,053.0	883.8	+18.1
Trading profit	109.8	102.9	+6.7
Income from short-term investments	9.1	7.0	
Interest paid	(3.6)	(2.3)	
Exchange loss on net current assets of overseas subsidiaries	(2.3)	(.8)	
Profit before taxation	113.0	107.0	+5.6
Taxation	35.8	33.3	
Profit after taxation	77.4	73.7	
Attributable to minority interests	.5	.7	
Profit attributable to shareholders before extraordinary item	76.9	73.0	
Extraordinary item	3	—	
Profit attributable to shareholders after extraordinary item	76.6	73.0	
Dividends			
Excess provision relating to 1977 third interim	—	(.1)	
Interim paid of 2.5p per share	8.9	3.8	
Final proposed of 3.5p per share (1978 second and third interim)	12.5	6.9	
Profit retained	55.2	62.4	
Earnings per share	21.6p	20.5p	

DEFERRED TAXATION
In accordance with the new U.K. statement of standard accounting practice no provision has been made for deferred taxation. Capital allowances, stock repurchase and other timing differences to the extent that such liabilities are not expected to arise for a considerable period. The effect is that the taxation charge is reduced to an effective rate of about 31% of declared profits, and the comparative figure for last year has been adjusted likewise. Deferred taxation provided in previous years of £28.5m has been transferred to reserves.

RESULTS
● The final dividend of 3.5p per share will be paid on 19th July 1979 to shareholders on the register on 31st June 1979. H.M. Treasury has indicated that formal consent will be given for the payment of this dividend.
● U.K. retail sales, excluding VAT, increased by 18% of which about 8% represented volume growth. The levels of sales in the last quarter were severely hit by the weather and the transport strike, and many lost sales were not regained later.
● World-wide sales, retail and industrial together, increased by 18% but net margins at home and overseas were slightly reduced by inflationary pressures, from cost and wage increases in tight market conditions.
● As a result the out-turn of trading was disappointing and the satisfactory results expected were not achieved.
● The Directors expect a rather better out-turn in the present year. There will be difficulties from the recent substantial increases in labour costs and raw material prices but we hope that Government measures will produce a greater degree of price stability by tackling the underlying causes of wage and price inflation.
● We are continuing with our capital investment programme in order further to develop our retail and industrial operations at home and overseas.



COSTAIN profits from worldwide strength



Mr. J. P. Sowden, Chairman, reports:
New record turnover
New record profit
Dividend for 1978 again thirteen times covered.
Dividend for 1979 to be not less than 6p per share.
International turnover accounts for 70% of total.

Financial Summary

	1978	1977	Increase
	£'000	£'000	
Turnover	509,000	452,000	+18%
Pre-tax profit	46,942	36,212	+30%
Profit after tax and minorities	22,042	16,698	
Earnings per share	39.6p	30.0p	+32%
Dividend per share	3.0457p	2.3058p	

- Cash at bank £89 million.
- Active search for new businesses.
- Intense competition in many markets but out-turn for current year as good as 1978.

Britain's leading international construction group
Copies of the Report and Accounts may be obtained from the Secretary, Costain Group Limited, 111 Westminster Bridge Road, London SE1 7UE.



Handwritten scribble in a box at the top right.

Companies and Markets

INTERNATIONAL COMPANIES and FINANCE

NORTH AMERICAN NEWS

Woolworth income dips as takeover battle heats up

BY JOHN WYLES IN NEW YORK

F. W. WOOLWORTH, the focus of a complex takeover battle involving two Canadian holding companies, has maintained its 1978 profits growth through the first quarter 1979 net income was sharply affected by the strength of the British pound. This prevented it from reaping the benefits of the 35 per cent increase in profits by its British subsidiary, in which it has a 52 per cent stake. Currency losses sliced the contribution from Britain from \$5.48m last year including a foreign currency gain of \$3.14m to \$2.34m including a loss of \$2.2m.

Hoover embarks on bid defence

BY OUR NEW YORK CORRESPONDENT

HOOPER COMPANY has embarked on a classical defence against an unwelcome takeover move by Fuqua Industries by launching legal action and triggering a search for a more acceptable buyer of the company. After a meeting of its board Hoover said that Fuqua's third offer of \$22 a share for the stockholdings of Hoover family members was incomplete, inadequate, and raised serious legal questions. It based on the view that Fuqua's proposals and related actions raised "serious questions" under federal securities laws and Ohio and Delaware state takeover regulations. In addition, the board authorised the company's investment bankers to explore as promptly as practical "other financial alternatives available to the company and its shareholders, including the possible sale of the company."

Amax buys stake in Adobe Oil

BY STEWART FLEMMING IN NEW YORK

AMAX, a leading U.S. natural resources company with interests in coal, copper, iron and aluminium, has agreed in principle to buy 1.4m shares worth \$39.2m in Adobe Oil and Gas. The seller of the stock, equivalent to around 20.6 per cent of Adobe common, is Flint-Kote Company. Amax revealed that it has also acquired the right to buy a further 600,000 Adobe shares which Flint-Kote has a right to acquire from Adobe.

FT-INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published in the second Monday of each month.

Table with columns: ISRAELI, OTHER STRAIGHTS, and FLOATING RATE. Lists various bond issues with their terms and yields.

Table with columns: DUTCH MARK, U.S. QUARTERLIES, and CONVERTIBLE. Lists various bond issues with their terms and yields.

Table with columns: U.S. QUARTERLIES, CONVERTIBLE, and S-STRAIGHTS. Lists various bond issues with their terms and yields.

U.S. MOTOR INDUSTRY

Energy crisis boosts small cars

BY JOHN WYLES IN NEW YORK

AMERICAN BUSINESS has long assumed that the peaks and troughs of the business cycle are as inevitable as the sun rising. While the impact varied from industry to industry, no collection of manufacturers is more accustomed to an undulating sales graph than the auto companies, where it is a standard wall decoration. They are used to living with the general frisson of fear throughout the country about the outlook for petrol supplies. The last time petrol was a similar concern was in late 1973 and early 1974, in the wake of the Arab oil embargo, and its consequent boost to petrol sales of the passenger car manufacturers, the current parallels with early 1974 are quite striking. Then, as now, the industry had a god preceding sales year under its belt and was anticipating another one. Then, as now, the sales of gas-guzzling large cars and recreational vehicles slumped, then, as now, there was a surge in sales of the small, more fuel-efficient cars and then, as now, import penetration of the U.S. car market climbed sharply.

The only marked difference between the two periods is that so far this year, overall sales have held up rather better than they did in 1974, when they had slumped 20 per cent by May. Thus, the 3.3m cars sold by General Motors, Ford and American Motors dealers combined by May 20 this year, was only 3.4 per cent lower than total sales in the same period last year. However, the blessings of this relative stability are by no means equally distributed. In the first place the manufacturer with an adequate range of small cars and sufficient manufacturing capacity to meet expanding demand is the one who is faring best. Worries about the cost and availability of fuel first clearly took hold in February and, so far this year, sales of subcompact and compact small cars have accounted for 43.5 per cent of all U.S. manufactured dealer sales compared with 37.6 per cent last year. As a result, these models are in increasingly short supply. Normally accepted dealer inventories are usually sufficient to cover 48 to 60 selling days but Chrysler's Omni and Horizon small cars are in only 25 days supply. GM's Chevette 23 days and its new X body compact, introduced in April, between 23 and 32 days. Significantly, Ford has fewer supply problems

because it lacks a big selling small model, although its sales of its controversial Pinto model have picked up in the current preoccupation with fuel economy. The corollary of the consumer's appetite for small cars has been a lack of interest in the larger more fuel hungry models, which are now crowding out many a dealer's showroom. The same time sales of its large cars which were redesigned and reduced in size at the start of the 1978 model year have held up very much better than Chrysler and Ford's models which were redesigned for the current model year and have so far proved a costly disappointment to both companies. As a result GM's grip of the market for domestically produced cars has risen from 55.9 per cent to 59.3 per cent. This is a huge swing in a very short period and potentially very profitable, since a 1 per cent increase in market share can be worth about \$700m a year in extra sales revenue. Chrysler, who cannot satisfy demand for its Omni and Horizon, but which cannot expand production because Volkswagen will not supply it with more engines for the vehicles, has seen its share fall from 13.1 per cent last year to 11.8 per cent, while Ford's share has slipped from 29.1 per cent to 28.7 per cent. All the evidence suggests that GM is faring much the best in meeting small car demand and moving its slow selling gas guzzlers which are, nevertheless, considerably more economic on fuel than their 1974 counterparts. Last summer, the company expanded production capacity of its strong selling small car the Chevette, whose sales are up this year 62 per cent. At

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wheel drive line of Jeep utility vehicles has showed signs of succumbing to the wave of fuel consciousness. As a result this fragile company has postponed plans to expand its Jeep production capacity. Sales of imports, which have long been identified with fuel economy have meanwhile been transformed after a difficult 1978 in which most of the leading Japanese and German manufacturers were weakened by price rises forced by the dollar's fall against their respective currencies. Foreign cars took a record 22.5 per cent of the market in March and then set a new record with 22.7 per cent in April. Toyota, the leading importer has showed the slimmest gain with 2.3 per cent increase in retail sales to 153,869 by the end of April. Datsun gained 23.2 per cent to 150,076. Honda was up 35 per cent to 128,122. Volkswagen which is now both a domestic manufacturer by virtue of its plant in Pennsylvania as well as an importer, appears to be reaping the benefits of producing a popular model, the Rabbit—known in Europe as the Golf—in the local market and its total sales are up 49 per cent over last year to 117,447, helped by demand for the diesel-engined version which is manufactured in Europe.

Optimism at Corco

SAN JUAN—Commonwealth Oil Refining (Corco) the financially troubled oil company "has every expectation of emerging from bankruptcy within the next 12 months," Mr. Howard Hardesty Jr., chairman, president, and chief executive, said yesterday, at the first shareholders' meeting for two years. Mr. Hardesty said that if adequate supplies of feedstocks can be obtained for the balance of the year, Corco will attain record earnings levels. He added that it is now clear that second-quarter 1979 earnings will substantially exceed the \$13m earnings reported in the first quarter. Last year the company reported a \$63.9m loss. Corco, one of the nation's largest oil companies, and Puerto Rico's largest private business, has been operating under the protection of Chapter 11 of the Federal Bankruptcy Act since March, 1978. As previously reported, a group of Arab investors led by Mr. Roger E. Tamraz has agreed in principle to acquire Commonwealth. That agreement is part of Corco's plans for getting back on its feet. AP-DJ

INTERNATIONAL CAPITAL MARKETS

Dollar Eurobond issues firm

BY FRANCIS GHILES

THE BRAZILIAN state controlled Banco Nacional do Desenvolvimento Economico is arranging a \$50m ten-year floating rate note issue through European Banking Company. The borrower is paying a coupon of 3 per cent over the three-month London interbank rate with a minimum interest rate of six per cent.

With much of the European financial centres closed ahead of the Ascension holiday, trading was reduced to a trickle. In the straight sector of the U.S. dollar bonds market, however, prices moved up by as much as 1/2 of a point yesterday morning, following the strong rally on Wednesday in the New York bond market.

Short covering by dealers ahead of the long weekend and the Association of Bond Dealers' tenth annual meeting in London next week, which will keep trading activity thin until June, also helped to push prices up. Most prices came down in the afternoon, however, and ended about 1/2 of a point better on the day.

OECD debt forecast

PARIS—The external debt of non-oil developing nations is expected to increase by 15 per cent this year to \$274bn from \$238bn in 1978, and their debt service by 17 per cent to \$40bn from \$34bn.

At the same time, the current balance deficit of the same nations is seen rising by 14 per cent to \$45bn from \$39bn. In a special study on the present situation and future prospects, the OECD notes that taking all developing countries together, their disbursed debt grew from \$74bn in 1971 to \$244bn in 1977, and their debt service increased from \$8bn to \$29bn in 1977 and to an estimated \$28bn in 1978. Their debt service increased from \$8bn to \$29bn in 1977 and to an estimated \$28bn in 1978. For both categories, the average annual growth rate of their debt service of around 15 per cent until 1972 rose to about 25 per cent from 1973 through 1976, and fell to around 18 per cent in both 1977 and 1978. AP-DJ

Fine terms for Greek financing

BY ROSEMARY BURR

THE FIERCELY fought contest for the mandate for the \$125m fund raising by the Public Power Corporation of Greece has been won by Midland Bank and S. G. Warburg. The terms of the deal are the finest for Greece in the current phase of falling spreads and are bound to put further downward pressure on terms elsewhere in the Mediterranean. The 10-year \$125m loan carries a margin of 1/2 per cent for the first six years and 1 per cent for the rest. The grace period before any repayment is due is 51 years.

The terms of the Public Power Corporation loan are expected to intensify the pressure put on bankers by the Portuguese, who are currently negotiating a \$300m loan. The Republic of Portugal is expected to attempt to restore the deal on the basis of split spreads of 1/2 per cent and 1 per cent. If the credit is raised on these terms it will be on the best terms negotiated by the Portuguese in the current cycle. In addition, Spanish and Italian borrowers, who traditionally borrow funds more cheaply than the Greeks, can be expected to attempt to restore the differential.

\$1m loss for Gamble-Skogmo

By Our Financial Staff

GAMBLE-SKOGMO, the retail and mail order group, has turned in a loss of \$983,000 for the first quarter of this year, compared with a profit of \$1m in the comparable period. The loss is 26 cents at share level, against a profit of 19 cents last time. Sales of \$455.6m compare with \$415.1m. The company is selling its Gambles Canada subsidiary to Cavendish Investing Group, a privately-owned merchant banking operation in a deal "in excess of \$90m," but Gamble-Skogmo sees no gain or loss on the sale, which represents its entire Canadian retail operation.

U.S. QUARTERLIES

Table with columns: ALLIED STORES, CARTER HAWLEY HALE STORES, GAYTON HUDSON, MARSHALL FIELD, MERCANTILE STORES, RAPID-AMERICAN, SOUTHERN COMPANY, WICKES CORPORATION. Lists quarterly financial data for various U.S. companies.

Advertisement for BRISA AUTO-ESTRADAS DE PORTUGAL, S.A.R.L. featuring a large logo and text: "US \$50,000,000 MEDIUM TERM LOAN guaranteed by BANCO FONSECAS & BURNAY and BANCO TOTTA & ACORES. Lead Managed by Marine Midland Limited. Managed and Provided by Badische Komm. Landesbank S.A., Bank für Gemeinwirtschaft, Banque Internationale pour l'Afrique Occidentale, 'BLAO', Canadian Imperial Bank of Commerce, Midland and International Banks Limited, Nederlandsche Middenstandsbank NV, Societe Generale de Banque S.A. Agent Marine Midland Bank." Includes a small BRISA logo at the top.

COLD STORAGE HOLDINGS LIMITED

(Incorporated in the United Kingdom)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Empire Dock, Singapore 4, at noon on 23rd June, 1979 when the Directors will recommend for approval a Final Dividend of six Malaysian cents per 10p stock unit less income tax in respect of the Financial Year ended 31st January, 1979 payable on 25th June, 1979 to Stockholders on the Registers as at that date, making a total distribution for the year of \$7,122,000 (previous year \$7,122,000).

NOTICE IS ALSO GIVEN that the Transfer Registers of the Company will be closed from 16th to 25th June, 1979 both dates inclusive for the preparation of dividend warrants.

The audited results of the Company and of the Group for the year ended 31st January, 1979 were:

Table with columns for 1979 and 1978, comparing Group Company results for Turnover, Profit before tax, Profit after Taxation, Extraordinary items, Profit attributable to Stockholders of Cold Storage Holdings Ltd., and After charging: Depreciation of Fixed Assets.

By Order of the Board J. D. Raj Secretary

Teollisuuden Voima Oy - Industrins Kraft Ab (FVO Power Company) Guaranteed Drop-Lock Bonds Due 1991. Credit Suisse First Boston Limited Agent Bank.

ALLEN HARVEY & ROSS INVESTMENT MANAGEMENT LTD. 45 Cornhill, London, EC3V 3PB. Tel.: 01-633 6314.

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Companies and Markets

RHODESIA'S EXTERNAL STERLING DEBT

Authorities make provisions for overdue payments

BY TONY HAWKINS IN SALISBURY

THE BACKLOG of capital and interest payments on Rhodesia's external sterling debt is authoritatively calculated at \$110m (\$227m). As pressure mounts for the lifting of economic sanctions against the state of Zimbabwe, Rhodesia, well-informed sources in Salisbury say that about \$39m has been set aside within Rhodesia to meet the "overdue" payments that arose as a result of the imposition of financial sanctions in December 1965.

The largest single amount is \$35m in respect of payments owed to the World Bank for loans to the Central African Power Corporation for its Kariba hydro electric power project. Payments have been made into blocked accounts inside Rhodesia for this amount. The Rhodesian authorities are also holding a further \$3m in trust for loan payments due to a British bank which lent money to the Southern Rhodesia government to develop the Kyle dam in the Lowveld.

no such provision has been made in respect of the \$45m London market debt nor a number of other official borrowings totalling more than \$20m. These loans include more than \$12m lent by the World Bank to the Rhodesian and former federal governments in the 1950s. A loan of \$1m to Rhodesia from the British Government for the purchases of military aircraft and more than \$7m in British Government "Commonwealth assistance" loans to Rhodesia.

SGI agrees to sell CIGA stake

ITALY'S LARGEST private construction and property group, Società Generale Immobiliare (SGI), has agreed to sell its 41.7 per cent controlling shareholding interest in the CIGA hotel group to a U.S. company controlled by the Irish state airline, Aer Lingus, for 16.1bn (\$71.3m).

Italian insurer to pay more. The Venice-based group is proposing a dividend of 1700 per share, against 1600 in the previous year, for its 36,000 shareholders. At the same time capital will be put up to L1,000bn (\$117m) from the current L770bn by means of a free issue on the basis of four new shares for every 15 currently held.

Profits and sales dip at German IBM

LOWER profits and static sales are reported by IBM Deutschland, the West German subsidiary of International Business Machines, of the U.S., the world's largest maker of computers. Net profits of the German unit dipped by a quarter last year, declining from DM 801.6m to DM 600.9m (\$313m) on sales virtually all-square at DM 6.32bn compared to the DM 6.39bn of demand notched up in 1977.

Swiss flooring group outlook

SATISFACTORY results are expected for 1979 by the Swiss-based floor coverings concern, Forbo, whose parent company net profits emerged at SwFr 10.12m last year. However, the company points out that "great efforts" will be needed to make up for a decline in sales and profits in the first two months of 1979.

Helaba forecasts modest acceleration in growth

HESSISCHE Landesbank Girozentrale (Helaba) expects to grow slightly faster in 1979 than in 1978. In London yesterday, Dr. Heinz Sippel, the managing Board chairman, said that the bank's assets might grow by around 8 per cent this year. This will still be below average for the German banks but Dr. Sippel stressed that "our aim is not growth but more profit".

Norwegian insurance advances

TWO NORWEGIAN insurance groups, Vesta and Norden, report increased profits in 1978, and both are paying a higher dividend. Vesta increased its pre-tax profits to Nkr 13.1m (\$2.52m) from Nkr 8.2m in 1977, and the board proposes a 9 per cent dividend, against 8 per cent a year earlier. The improvement was achieved despite outlays in connection with Vesta's acquisition last year of the Norwegian-Pallas insurance company, and losses in connection with the troubled small insurance group of Dovre, and Norinvest, a finance company backed by most of Norway's leading banks and insurance companies.

Ciba improves Portugal links

THROUGH ITS Lisbon subsidiary, Ciba-Geigy Portuguesa, the Swiss chemical group Ciba-Geigy has acquired a 50 per cent shareholding in the Portuguese pharmaceuticals company Laboratorio Normal Productos Farmaceuticos. Ciba and Laboratorio have agreed on collaboration of production and marketing. The Portuguese company, which it is claimed, will be able to "consolidate and develop" its position as a result of the Swiss link, manufactures and sells pharmaceuticals and also markets veterinary products and antiseptics.

Foreign business boosts DG-Bank's balance sheet

THE WEST GERMAN co-operative central bank, Deutsche Genossenschaftsbank (DG-Bank), has seen its balance sheet volume rise 16 per cent in the opening four months of the year compared with the same period of 1978.

S. JEROME & SONS (HOLDINGS) LIMITED. Worsted Spinners & Manufacturers. "A satisfactory year" William Jerome, Chairman. Table showing Turnover (8,211 vs 7,530), Profit Before Tax (617 vs 602), Profit After Tax (305 vs 307), Earnings Per Share (9.1p vs 9.2p), Dividends Per Share (3.1p vs 2.8p).

Sunlight Service Group. 31% RISE IN PROFITS. The following salient points are from the statement to shareholders by Mr. J. A. Franks, the Chairman: - The profit for 1978 of £1,066,805 represents a 31% increase on last year's figure of £813,878.

J.P. 150

INTNL. COMPANIES and FINANCE

Hitachi shows advance despite yen fluctuations

BY YOKO SHIBATA IN TOKYO

TOKYO—Japan's largest, and...

The company expects further...

Wide power sought in Santos Bill

By James Forth in Sydney

THE PROPOSED legislation by...

Right to veto

If passed, the legislation will...

JAPANESE COMPANY RESULTS FOR YEAR TO MARCH 31

Table with columns for Company, Business, Net profits (1978, 1979), Sales (1978, 1979)

Haw Par sees profit this year

SINGAPORE—Haw Par's...

OCBC forecasts increase in earnings

SINGAPORE—Overseas...

Chemical Company of Malaysia ahead

KUALA LUMPUR—Chemical...

Nippon Oil income to decline

TOKYO—Nippon Oil...

Record results for Mitsubishi

TOKYO—Mitsubishi...

APPOINTMENTS

British Home Stores executive changes

Mr. A. C. S. Hawes, an executive...

Mr. Brian Yarrow has been appointed...

Mr. Peter Shapcott, director of...

Mr. Richard F. Gresham has been...

ANNOUNCEMENT APPEARS AS A MATTER OF RECORD ONLY

PROBUSSA US \$ 3,000,000 MEDIUM TERM LOAN provided by BANCO DE MADRID

THE SEIYU STORES, LTD. Tokyo DM 100,000,000 5 1/2% Convertible Bonds due 1985

The jet airliner battle hots up

BY MICHAEL DONNE, Aerospace Correspondent

BOEING OF THE U.S., the biggest jet airliner builder in the world, is raising the rate of production of its existing family of jets from 24 to 28 jets a month by the autumn of this year.

Nothing could demonstrate more clearly the current unprecedented demand for new airliners—the "re-equipment tide" that is now flowing through the world's airlines. This tide—stemming from the need to replace existing ageing, noisy and fuel-inefficient airliners and to provide additional capacity to meet anticipated traffic growth in the 1980s—added 700 new jets to the world commercial fleet last year. So far this year it has added over 300 more.

For the period up to 1988, Boeing sees a total world airliner requirement of more than 3,500 jets, in all categories, worth about \$79bn (close to £40bn). Of this market, it forecasts about \$17bn going on short-range jets, about \$29bn on medium-range aircraft, and about \$30bn on long-range aircraft, with all-cargo types accounting for some \$3bn.

Much of this world demand will continue to be concentrated in the existing jet transport range—the short-range 737, the medium-range 727 and the long-range 747 Jumbo from Boeing itself, together with the short-range DC-9 from McDonnell Douglas, the latter's tri-jet medium-to-long-range DC-10, and models of the Lockheed TriStar.

But Boeing is also putting heavy emphasis on its new family of short-to-medium haul jets—the 200-plus passenger 767, a semi-wide-bodied twin-engine jet, and the smaller, 177-plus seat 757, also twin-engine, which uses the new Rolls-Royce RB-211 Dash 535 engine.

At the same time, however, the competition has taken a dramatic turn in recent months with the astonishing success of the European A-300 twin-engine 250-seat Airbus, which has swept through world short-to-medium range markets, and to a lesser extent with the success of its more recent companion, the smaller 200-seat A-310 version.

Part of the success of the A-300 can be attributed to the fact that it is available much sooner than either of the new Boeing ventures (the A-300 has in fact been around for some years), but it is nevertheless achieving sales that Boeing undoubtedly would have liked to win.

The A-300's delivery dates, for orders placed now, are set for 1980 and beyond, whereas the 767 will not be available until the autumn of 1983. For the A-310 and 757, however, the battle is more evenly matched, with delivery dates in 1983 and beyond.

Various other factors are probably contributing to the Airbus success story. One is that airlines, concerned over soaring fuel costs, may be taking re-equipment decisions on new, more fuel-efficient airliners sooner than they might otherwise have done.

The Airbus has now amassed a considerable quantity of economic and other operational data in service, so that new customers are in no doubt as to how it performs on the routes, whereas so far as the Boeing 757 and 767 are concerned they have to rely on Boeing's "brochure claims"—which, even allowing for that company's massive reputation, are no substitute for precise data emerging from direct operational experience.

Airbus success

Furthermore, it is also unlikely that Airbus Industrie, in its determination to establish a major customer base for its aircraft world-wide, is being extremely competitive in financing terms, with loans readily available from French and West German banks, underwritten by the French and West German Governments.

That a major battle is now taking place in world short-to-medium-range airliner markets is undeniable, and the prizes are immense, not just in monetary terms but also in locking up customer airlines for the rest of this century. Boeing remains

calm in the face of the Airbus Industrie onslaught, but there is no doubt whatsoever that it has been shaken by the speed with which the European group has snatched many markets it hoped to win for the 767 and 757.

For example, nearly every major scheduled airline in Western Europe is now an A-300 buyer, and is not therefore likely to opt also for the 767, while some of them (such as Air France, Lufthansa and Swissair) are also buying the A-310, and are not therefore interested in the 757. Sabena has yet to decide, but the biggest exception is British Airways which has firmly committed itself to the 757 with the RB-211-535 engines. BA says it is not interested in the Airbus, at least for the immediate future, although there are some who believe it may eventually buy some A-300s.

So far, against total orders for 345 Airbus (238 A-300s and 107 A-310s, including options), Boeing has logged firm orders for 84 of the 767s, with options on another 81, and 40 of the 757s, with options on another 24, an overall total of 229 aircraft. The balance in the struggle for orders appears to be leaning in favour of the Airbus, but it must also be borne in mind that the A-300 has been available for some time, although it is none the less a "new generation" airliner, with quieter engines and improved fuel consumption.

It must also be stressed that while Boeing has lost many possible orders in Europe and in Asia to Airbus Industrie, the latter's original hopes of big orders in the U.S. have yet to be fulfilled. Apart from the original order for A-300s from Eastern Air Lines, with some options on the A-310, no other major U.S. airline has yet ordered the Airbus in either version. Similarly, however, no one, other than British Airways, outside the U.S. has ordered either the 767 or 757.

On that basis, the battle in the short-to-medium range market is wide open, and it is

anyone's fight. Boeing estimates that, notwithstanding Airbus Industrie's success, its own share of the new short-to-medium range market up to the late 1980s could reach as many as 2,000 aircraft, divided between the 757 and 767.

Its long-term confidence is indicated by its intention to build five 757s a month initially (by first delivery date in 1983), rising to 12 a month by 1985, and then perhaps further to 16 a month by the late 1980s, depending on demand. Initial 767 output will be 8 a month by 1983. By then, demand for existing jets, such as 737s and 727s, may have slackened off, but because these are much smaller (the 737 is a 130 seater and the 727 up to about 140) they are likely to be bought alongside the bigger 757 and 767 for some years to come.

New programme

Indeed, Boeing is also thinking now in terms of updating the 737 and 727 to meet changing world airline requirements in the mid to late 1980s, and to counter any possible emergence of a 150 to 160 seater "new generation" jet from the Airbus Industrie consortium in Europe. With orders for 695 737s and 1,684 727s already won, Boeing is not going to stand idly by and see Airbus Industrie move in on its territory.

Boeing has another new airliner programme, the 777, a medium-to-long-range, three-engine version of the 767, that would be capable of carrying up to 220 passengers over distances of 5,000 miles. Much design work has been done on this (and it could also use the Rolls-Royce RB-211-535 engine), but no commitment to build it will be taken until sufficient orders have been won to justify the investment.

At the same time, however, it could become involved in another programme of lesser magnitude, but nonetheless important, re-engining the 707 narrow-bodied long-range jet with a new power-plant, the Franco-U.S. (Sneema-General

Electric) CFM-56 of 22,000 lbs thrust and above. Boeing has been planning to test-fly a 707 with this engine later this year, but the competitive edge has now been sharpened by the decisions of several U.S. airlines—United, Delta and Flying Tiger—to re-engine some of their own ageing DC-8 long-range jets with the CFM-56, to give them up to another ten years or so of life.

If the battle in the airliner field is tough for the airframe makers, it is just as tough for the "big three" engine builders, Rolls-Royce, General Electric of the U.S., and Pratt and Whitney. Here, too, the battle lines already appear to be clarifying. Rolls-Royce has won a major foothold in the 757 market with its new Dash 535 version of the RB-211 engine, and it is also seeking markets on the bigger 767 with its Dash 524 RB-211.

But, so far, it is nowhere in sight on the European A-300 or A-310, and all the engine contracts on those airliners have been won by General Electric and Pratt and Whitney. There are many in the UK aerospace business who believe strongly that Rolls-Royce has made a fundamental mistake in not spending its own money on at least getting its RB-211 certified on the A-300 (which would also open the way to getting it on the A-310 when that aircraft arrives). Whether that would open up a major new sales opportunity for Rolls-Royce is arguable, but at least it would be better than the present situation, where the company is getting nothing out of the A-300 success story. The company argues that it needs orders to justify the expenditure, but there is some doubt whether this is so—that in fact the orders will not come until the money has been spent.

Even on the 757, however, Rolls-Royce will not have an easy run. While its position as the "launch engine" is undeniably strong, the RB-211-535 will have to fight for orders against the rival General Electric CFM-52.

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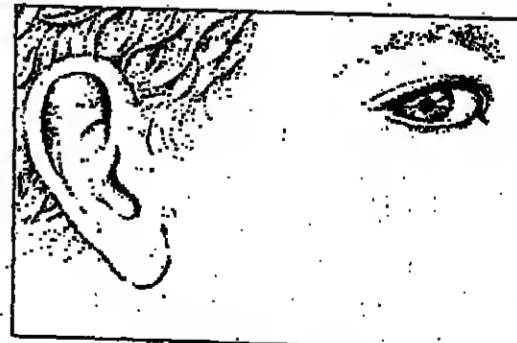
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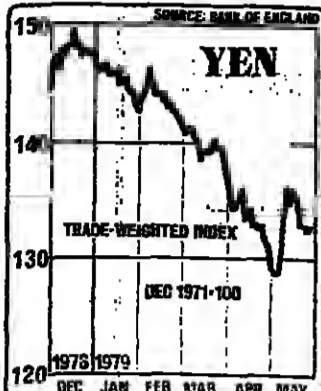
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CURRENCIES, MONEY and GOLD

Sterling and dollar easier

Sterling and the dollar lost ground in a very quiet foreign exchange trading yesterday...

FI 2.0835 from FI 2.0825 against the Dutch guilder; to BFR 30.75 from BFR 30.80 against the Belgian franc...



helped to push up the pound towards the finish, and it closed at \$2.0525-2.0535, a fall of 40 points on the day.

On Bank of England figures, the dollar's trade-weighted index fell in 86.6 from 86.8, while the dollar's depreciation, as calculated by Morgan Guaranty of New York, widened to 7.9 per cent from 7.1 per cent.

Sterling's trade-weighted index on the basis of the Washington Currency Agreement of December 1971, fell to 66.8 from 67.1 according to the Bank of England...

The dollar also declined in quiet late trading, falling to 117.12 from 117.15 on the London market.

THE POUND SPOT AND FORWARD

Table with columns: May 24, Day's spread, Close, One month, % p.a., Three months, % p.a.

THE DOLLAR SPOT AND FORWARD

Table with columns: May 24, Day's spread, Close, One month, % p.a., Three months, % p.a.

CURRENCY RATES

Table with columns: May 23, Bank rate, Special Drawing Rights, European Currency Unit, May 24, Bank of England index, Morgan Guaranty changes %

CURRENCY MOVEMENTS

Table with columns: May 24, Bank of England index, Morgan Guaranty changes %

OTHER MARKETS

Table with columns: May 24, Argentina Peso, Australia Dollar, Brazil Real, etc.

EMS EUROPEAN CURRENCY UNIT RATES

Table with columns: Currency amount, % change from central rate, % change from adjusted rate, Divergence limit

EXCHANGE CROSS RATES

Table with columns: May 24, Pound Sterling, U.S. Dollar, Deutsche Mark, Japanese Yen, etc.

EURO-CURRENCY INTEREST RATES

Table with columns: May 24, Sterling, U.S. Dollar, Canadian Dollar, Dutch Guilder, etc.

INTERNATIONAL MONEY MARKET

U.S. rates steady

Treasury bill rates showed little change from Wednesday in early trading yesterday following the favourable reaction to the week's tender.

Hague. Fed funds were trading at 10 1/4-10 1/2 per cent after the authorities had drained liquidity through matched sales.

GOLD

Slight rise

Gold rose \$1 to close at \$264.1-\$265 in quiet trading. It opened at \$262.263, and was fixed at \$263.00 in the morning and \$263.25 in the afternoon.

UK MONEY MARKET

Further shortage

Bank of England Minimum Lending Rate 12 per cent (since April 5, 1979). Day to day credit remained in short supply in the London market yesterday.

assistance was termed as moderate. The market was faced with a small net take up of Treasury bills to finance, and bank brought forward balances a moderate way below target.

closing balances taken down to 11 1/2 per cent. In the interbank market overnight loans opened at 11 1/2-11 3/4 per cent and rose to 11 1/2 per cent before touching 12 1/2-12 3/4 per cent in early afternoon.

LONDON MONEY RATES

Table with columns: May 24, Sterling, U.S. Dollar, Canadian Dollar, Dutch Guilder, etc.

MONEY RATES

Table with columns: New York, Discount Rate, One month, Three months, etc.

Local authority and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rate nominally three years 11 1/2-12 1/2 per cent; four years 12 1/2-13 1/2 per cent; five years 13 1/2-14 1/2 per cent.

FINANCIAL HIGHLIGHTS

FIRST CITY NATIONAL BANK OF HOUSTON

Financial Position (In Thousands)

Table with columns: March 31, 1979, 1978. Total assets, Deposits, Loans, net, Shareholder's equity.

FIRST CITY BANCORPORATION OF TEXAS, INC.

Financial Position (In Thousands)

Table with columns: March 31, 1979, 1978. Total assets, Deposits, Loans, net, Shareholders' equity.

Operating Results

Table with columns: 1979, 1978. Income before securities transactions, Per share, Net income, Per share.

For the Quarter Ended

Table with columns: March 31, 1979, 1978. Income before securities transactions, Per share, Net income, Per share.

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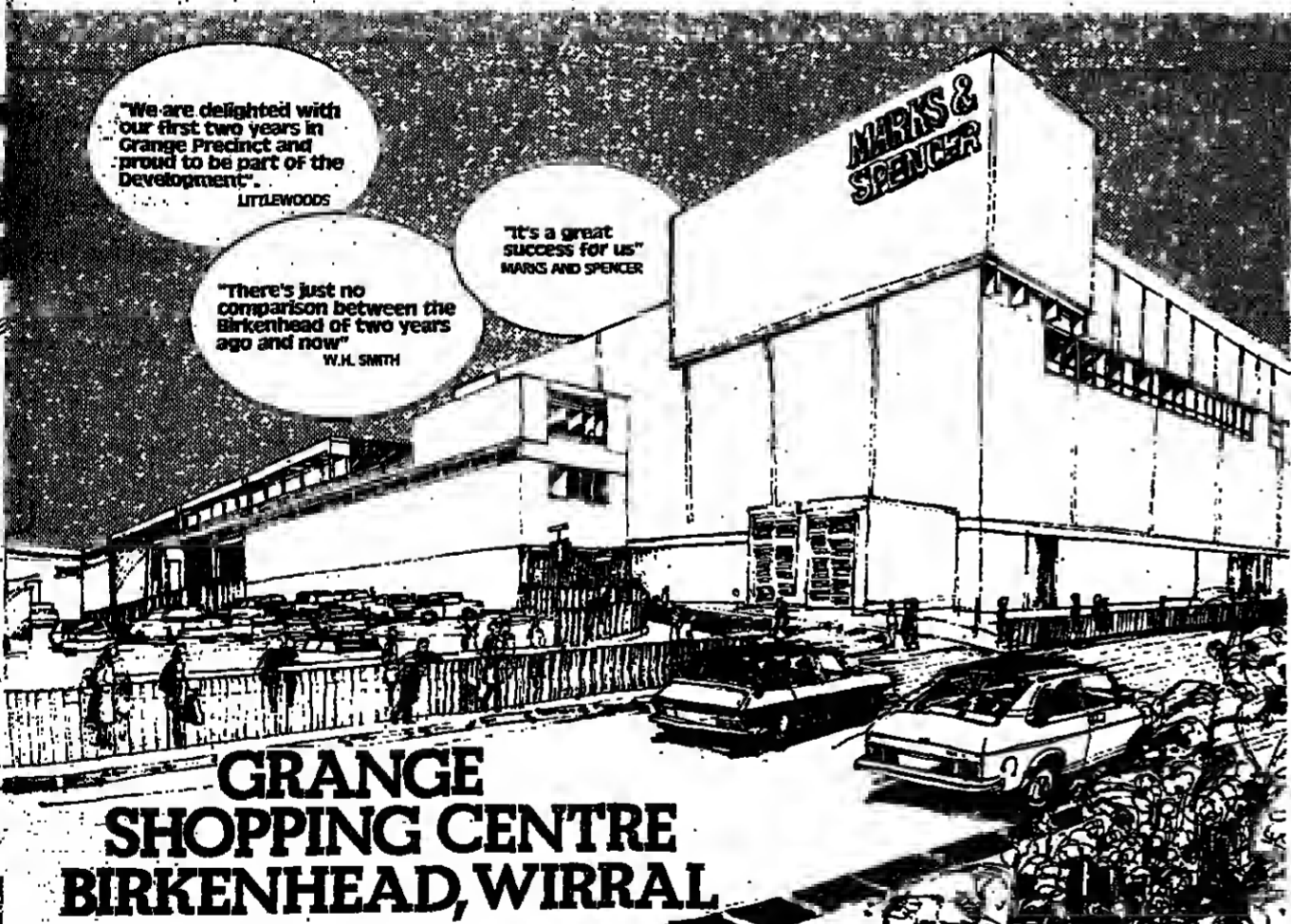
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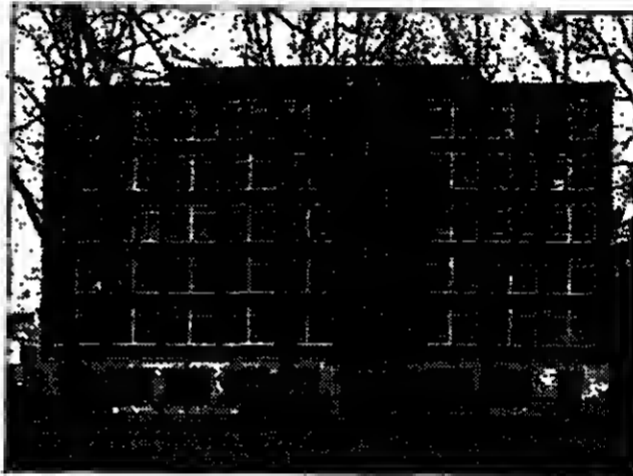


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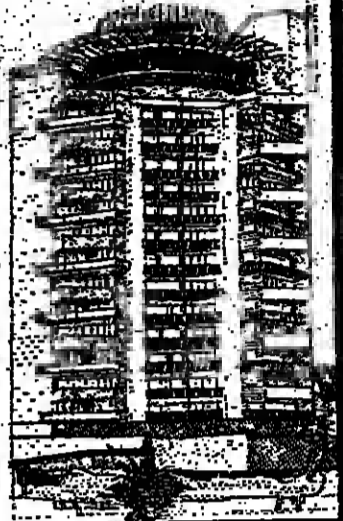
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PROMINENT SHOP PREMISES, with upper part situated on the main A1 at Hitchin. Offer invited for the freehold interest of this property. Applications to: Walter Sagar, Commercial Department, 76 Castle Street, Hitchin, Surrey. Tel: 0462 218231.

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01-242 8121

Companies and Markets

Brazil to auction coffee

By Our Commodities Staff
COFFEE FROM the Brazilian Coffee Institutes (IBC) stockpile will be auctioned to private exporters on the Sao Paulo Commodity Exchange starting next Monday.

Walker meets fish chiefs

By Richard Mooney
THE CONSERVATIVE Government is determined to secure in adequate zone of exclusive access and a further considerable area of preferential access for UK fishermen under a revised EEC common fisheries policy.

UK aluminium up 7 1/2%

By Maurice Samuelson

A RISE of 7 per cent in the price of primary aluminium ingots was announced yesterday by British Aluminium, amid reports that Alcan Aluminium (UK) will also soon raise prices.

about 8 per cent to prices of semi-fabricated products. Yesterday's announcement coincided with the Government's scrapping of the requirement that increases should be notified to the Price Commission 28 days beforehand.

While the workers have at this stage only provided confirmation that they are willing to take strike action, it is clear that a stoppage might result.

Farm land report goes to Minister

By Our Commodities Staff

THE REPORT on the ownership of farm land in Britain, prepared by a special committee under Lord Northfield, has been sent to Mr. Peter Walker, the Minister of Agriculture.

Untapped potential for raising output

By JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

SPANISH, NEXT to France, is the largest country in Western Europe. But agricultural production of the main temperate crops does not match that of countries further north.

This cultivation has the effect of breaking the capillary action which would otherwise evaporate the moisture. It also keeps the crops meticulously weeded which is a waste of energy in water use.

Platinum supply cut back

By JOHN EDWARDS, COMMODITIES EDITOR

INTERNATIONAL NICKEL prices fell yesterday that had declined for two days on its platinum deliveries, with immediate effect.

price by 6 cents from 45 cents. Another leading U.S. producer, St. Joe Minerals, lifted its price by seven cents to 55 cents a lb yesterday.

A feature of the London lead market was reported to be buying by Australia, apparently to cover future forward supply commitments, but there was no fresh Soviet demand and freed offerings of scrap helped restrain the price rise.

Rubber at new peak

By Our Commodities Staff

THE SPOT price for rubber rose to a new peak of 85p a kilo in London yesterday, up 1.25p on the day and 1p higher than the previous record reached earlier this year.

Andalusian farming demonstrates that the spectrum of Spanish agriculture is extremely wide. There were good trials of many varieties of wheat, barley, maize, sorghum, sunflower, soybeans, and other crops.

Milk price rise expected today

By CHRISTOPHER PARKES

MR. PETER WALKER, the Minister of Agriculture, is expected to announce an increase in the retail price of milk in the Commons today.

The dairy trade had hoped that it could have been given a bigger margin through a reduction in the prices paid to farmers, without affecting the retail rate.

The amount of milk taken into creameries for processing also fell, but by only 0.8 per cent. And the bad weather also took its toll on production.

World meat output fall forecast

WASHINGTON—Bee production in major exporting countries this year is forecast to decline by 8.4 per cent to just over 7m tonnes from 7.7m tonnes estimated for 1978.

Total meat production in key commercial markets—the U.S., Canada, the EEC and Japan—is projected to increase 1.3 per cent to nearly 48m tonnes from 47.34m estimated for 1978.

BRITISH COMMODITY MARKETS

BASE METALS

Table with columns for metal type (Copper, Tin, Zinc, Lead, Nickel, Aluminium), price, and change. Includes sub-sections for Tin, Zinc, and Lead.

COCOA

Table for Cocoa prices with columns for type (Cocoa beans, Cocoa butter), price, and change.

COFFEE

Table for Coffee prices with columns for type (Arabica, Robusta), price, and change.

GRAINS

Table for Grain prices with columns for type (Wheat, Barley, Oats), price, and change.

NEW ZEALAND CROSSLINERS—Closes

Table for New Zealand Crossliners prices with columns for type (Wool, Hides), price, and change.

RUBBER

Table for Rubber prices with columns for type (Latex, Smoked sheets), price, and change.

AMERICAN MARKETS

Table for American Market prices with columns for type (Cotton, Sugar, Grain), price, and change.

Index Limited 01-351 3466. Three month Tin 7,163.7,227

LAMONT ROAD, LONDON SW10 0HS.

- 1. Tax-free trading on commodity futures. 2. The commodity futures market for the small investor.

CORAL INDEX: Close 508.513

INSURANCE BASE RATES

Table for Insurance Base Rates with columns for property type and rate.

COMPANY NOTICES

ENERGY INTERNATIONAL N.V. incorporated with limited liability in the Netherlands...

ALUMINIUM

Table for Aluminium prices with columns for type (Primary, Secondary), price, and change.

NICKEL

Table for Nickel prices with columns for type (Primary, Secondary), price, and change.

SILVER

Table for Silver prices with columns for type (Fine, Standard), price, and change.

WHEAT

Table for Wheat prices with columns for type (Hard, Soft), price, and change.

WOLF FUTURES

Table for Wolf Futures prices with columns for type (Wool, Hides), price, and change.

GRIMSBY FISH—Supply good and demand good.

GRIMSBY FISH—Supply good and demand good. Prices per stone at the wharf (unprocessed): Shell cod £5.00-5.50...

SUGAR

Table for Sugar prices with columns for type (Raw, Refined), price, and change.

COTTON

Table for Cotton prices with columns for type (Raw, Spun), price, and change.

MEAT/VEGETABLES

Table for Meat and Vegetable prices with columns for type (Beef, Pork, etc.), price, and change.

Wednesday's closing prices

Table for Wednesday's closing prices with columns for type (Cotton, Sugar, Grain), price, and change.

FINANCIAL TIMES

Table for Financial Times subscription rates with columns for type (Print, Digital), price, and change.

MOODY'S

Table for Moody's credit ratings with columns for type (AAA, BBB, etc.), price, and change.

REUTERS

Table for Reuters news services with columns for type (Text, Audio), price, and change.

WANTED Industrial Manufacturing

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Industrial Manufacturing. POLAR METAL CO. LTD. 10, Grosvenor Street, London W1A 3AB. Tel: 2748.

ART GALLERIES

MALL Galleries

The Mall, SW1

AGNEW GALLERY

AGNEW GALLERY, 43, Old Bond Street, London W1. Tel: 2748.

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Tr. Mgrs. (a), Friends' Provid. Unit Tr. Mgrs., and others, including their names, addresses, and contact information.

Table listing insurance and property bonds, including Abbey Life Assurance Co. Ltd., Green Life Assurance, and others, with details on their services and contact info.

Table listing insurance and property bonds, including Lloyds Life Assurance, Prudential Pension Limited, and others, with details on their services and contact info.

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OFFSHORE AND OVERSEAS FUNDS

Table listing offshore and overseas funds, including Alexander Fund, Kempton Fund, and others, with details on their investments and contact info.

NOTES: This table includes 3 columns, except where indicated, and are in prices unless otherwise indicated. Prices are given in the column headed 'Price' and are in pence unless otherwise indicated. The column headed 'Dividend' shows the dividend per share for the year ending on the date shown. The column headed 'Yield' shows the yield per cent based on the price. The column headed 'Date' shows the date of the next dividend payment. The column headed 'Notes' contains any special information regarding the fund.

HEALEY & BAKER SURVEYORS VALUERS AND AUCTIONEERS OF REAL ESTATE 01-629 9292

FT SHARE INFORMATION SERVICE

FOOD, GROCERIES—Cont.

BONDS & RAILS—Cont. Table with columns for Stock, Price, and other financial metrics.

AMERICANS Table listing various American stocks and their prices.

Over Fifteen Years Table showing long-term performance of various stocks.

Undated Table with financial data for various companies.

CANADIANS Table listing Canadian stocks and their prices.

BANKS AND HIRE PURCHASE Table listing bank and hire purchase related stocks.

FOREIGN BONDS & RAILS Table listing foreign bonds and rail stocks.

BANKS & HP—Continued Table continuing bank and hire purchase stocks.

BEERS, WINES AND SPIRITS Table listing stocks in the beverage industry.

BUILDING INDUSTRY, TIMBER AND ROADS Table listing construction and infrastructure stocks.

Table with financial data for various companies.

Table with financial data for various companies.

Table with financial data for various companies.

Table with financial data for various companies.

CHEMICALS, PLASTICS—Cont. Table listing chemical and plastic stocks.

DRAPERY AND STORES Table listing stocks in the retail and clothing sectors.

Table with financial data for various companies.

Table with financial data for various companies.

Table with financial data for various companies.

Table with financial data for various companies.

Table with financial data for various companies.

ENGINEERING—Continued Table listing engineering and technology stocks.

Table with financial data for various companies.

Table with financial data for various companies.

Table with financial data for various companies.

Table with financial data for various companies.

Table with financial data for various companies.

Table with financial data for various companies.

Table with financial data for various companies.

HOTELS AND CATERERS Table listing stocks in the hospitality industry.

Table with financial data for various companies.

Table with financial data for various companies.

Table with financial data for various companies.

Table with financial data for various companies.

Table with financial data for various companies.

BRITISH FUNDS

Table listing British funds and their performance.

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ADVERTISING OFFICES Birmingham, London, Bristol, Edinburgh, Frankfurt, Madrid, New York, Paris, Rome, Tokyo, etc.

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JP 1/150

INDUSTRIALS—Continued

Table listing various industrial stocks with columns for Stock, Price, and Change. Includes companies like BHP, Anglo American, and Anglo Coal.

INSURANCE—Continued

Table listing insurance stocks with columns for Stock, Price, and Change. Includes companies like Prudential, Royal Indemnity, and London & Lancashire.

PROPERTY—Continued

Table listing property-related stocks with columns for Stock, Price, and Change. Includes companies like British Land, Anglo Properties, and Estate General.

INVESTMENT TRUSTS—Cont.

Table listing investment trusts with columns for Stock, Price, and Change. Includes trusts like British American, British Columbia, and British Overseas.

FINANCE, LAND—Continued

Table listing finance and land stocks with columns for Stock, Price, and Change. Includes companies like City of London, City of Westminster, and City of London Finance.

DAIWA BANK logo and information: a fully integrated banking service, Head Office: Osaka, Japan.

MINES—Continued

Table listing various mine stocks with columns for Stock, Price, and Change. Includes companies like Anglo Coal, Anglo American, and Anglo Iron.

LEISURE

Table listing leisure-related stocks with columns for Stock, Price, and Change. Includes companies like British Telecommunications, British Airways, and British Airways plc.

MOTORS, AIRCRAFT TRADES

Table listing motor and aircraft trade stocks with columns for Stock, Price, and Change. Includes companies like British Leyland, British Aerospace, and British Airways.

SHIPPING

Table listing shipping-related stocks with columns for Stock, Price, and Change. Includes companies like British Overseas Airways, British Airways, and British Airways.

SHOES AND LEATHER

Table listing shoes and leather-related stocks with columns for Stock, Price, and Change. Includes companies like British Airways, British Airways, and British Airways.

SOUTH AFRICANS

Table listing South African stocks with columns for Stock, Price, and Change. Includes companies like Anglo American, Anglo Coal, and Anglo Iron.

TEXTILES

Table listing textile-related stocks with columns for Stock, Price, and Change. Includes companies like British Airways, British Airways, and British Airways.

NEWSPAPERS, PUBLISHERS

Table listing newspaper and publisher stocks with columns for Stock, Price, and Change. Includes companies like British Airways, British Airways, and British Airways.

PAPER, PRINTING

Table listing paper and printing stocks with columns for Stock, Price, and Change. Includes companies like British Airways, British Airways, and British Airways.

PROPERTY

Table listing property-related stocks with columns for Stock, Price, and Change. Includes companies like British Land, Anglo Properties, and Estate General.

TOBACCO

Table listing tobacco-related stocks with columns for Stock, Price, and Change. Includes companies like British Airways, British Airways, and British Airways.

TRUSTS, FINANCE, LAND

Table listing trusts, finance, and land stocks with columns for Stock, Price, and Change. Includes trusts like British American, British Columbia, and British Overseas.

COPPER

Table listing copper-related stocks with columns for Stock, Price, and Change. Includes companies like Anglo American, Anglo Coal, and Anglo Iron.

MISCELLANEOUS

Table listing miscellaneous stocks with columns for Stock, Price, and Change. Includes companies like British Airways, British Airways, and British Airways.

GOLDS EX-\$ PREMIUM

Table listing gold stocks with columns for Stock, Price, and Change. Includes companies like Anglo American, Anglo Coal, and Anglo Iron.

NOTES

Unless otherwise indicated, prices and bid-ask spreads are in pence and shares are in pounds sterling. Dividends are shown in pence per share.

CENTRAL RAND

Table listing Central Rand stocks with columns for Stock, Price, and Change. Includes companies like Anglo American, Anglo Coal, and Anglo Iron.

EASTERN RAND

Table listing Eastern Rand stocks with columns for Stock, Price, and Change. Includes companies like Anglo American, Anglo Coal, and Anglo Iron.

FAR WEST RAND

Table listing Far West Rand stocks with columns for Stock, Price, and Change. Includes companies like Anglo American, Anglo Coal, and Anglo Iron.

FINANCE

Table listing finance-related stocks with columns for Stock, Price, and Change. Includes companies like City of London, City of Westminster, and City of London Finance.

REGIONAL MARKETS

Table listing regional market data with columns for Stock, Price, and Change. Includes companies like Anglo American, Anglo Coal, and Anglo Iron.

INSURANCE

Table listing insurance stocks with columns for Stock, Price, and Change. Includes companies like Prudential, Royal Indemnity, and London & Lancashire.

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TRUSTS, FINANCE, LAND

Table listing trusts, finance, and land stocks with columns for Stock, Price, and Change. Includes trusts like British American, British Columbia, and British Overseas.

FINANCE, LAND, ETC.

Table listing finance and land stocks with columns for Stock, Price, and Change. Includes companies like City of London, City of Westminster, and City of London Finance.

DIAMOND AND PLATINUM

Table listing diamond and platinum stocks with columns for Stock, Price, and Change. Includes companies like Anglo American, Anglo Coal, and Anglo Iron.

FINANCE

Table listing finance-related stocks with columns for Stock, Price, and Change. Includes companies like City of London, City of Westminster, and City of London Finance.

CENTRAL AFRICAN

Table listing Central African stocks with columns for Stock, Price, and Change. Includes companies like Anglo American, Anglo Coal, and Anglo Iron.

DIAMOND AND PLATINUM

Table listing diamond and platinum stocks with columns for Stock, Price, and Change. Includes companies like Anglo American, Anglo Coal, and Anglo Iron.

CENTRAL AFRICAN

Table listing Central African stocks with columns for Stock, Price, and Change. Includes companies like Anglo American, Anglo Coal, and Anglo Iron.

OPTIONS

Table listing options data with columns for Stock, Price, and Change. Includes companies like Anglo American, Anglo Coal, and Anglo Iron.

DIAMOND AND PLATINUM

Table listing diamond and platinum stocks with columns for Stock, Price, and Change. Includes companies like Anglo American, Anglo Coal, and Anglo Iron.

CENTRAL AFRICAN

Table listing Central African stocks with columns for Stock, Price, and Change. Includes companies like Anglo American, Anglo Coal, and Anglo Iron.

Union row over dispute tactics

BY NICK GARNETT, LABOUR STAFF

THE NATIONAL Union of Public Employees was accused yesterday by Britain's third biggest union of using contemptible tactics...

with getting the headlines than getting an agreement—more anxious to find a scapegoat than a settlement...

Callaghan backs EEC poll manifesto

By Eilmer Goodman, Lobby Staff

A TESTY Mr. James Callaghan gave his general endorsement yesterday to his party's manifesto for the elections to the European Parliament...

Jackson admits 'window dressing'

BY ALAN PIKE, LABOUR CORRESPONDENT

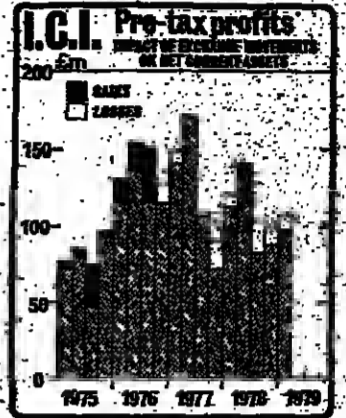
MR. TOM JACKSON, general secretary of the Union of Post Office Workers, admitted yesterday that a productivity scheme which he recommended...

agreement was "little more than window dressing to persuade the Government that consolidation could take place..."

Beecham slips off its pedestal

THE LEX COLUMN

Index fell 19.8 to 511.6



Beecham asked its shareholders to take a good deal on trust last November when it launched an E88m rights issue...

recovered) and claims that profits were reduced by about £20m. But while the stated figures do not look too bad...

But although the underlying trend has been gently improving for most of the past year, there are still two major uncertainties for the short term...

The other worry concerns the rapid rise in raw material costs. Courtauld's is less threatened than some of its competitors...

Meanwhile the balance sheet ratios have further improved and Courtauld's can accommodate its more ambitious capital spending programme...

Boots

Boots compounded an un happy day for the pharmaceutical sector already glutted with Fisons' profits warning...

But even before the winter retailing margins were under pressure, and the small growth in overall profits...

Study says Rhodesia polls fair

BY MARTIN DICKSON

A CONSERVATIVE PARTY team of observers under Lord Boyd of Merton said yesterday that Rhodesia's internal settlement elections had been fairly conducted...

of an electoral roll does not invalidate the poll; and that on balance the 'auxiliary forces' loyal to the black Salisbury politicians helped to counter guerrilla intimidation without replacing it with equal pressure in another direction...



Barrow site for gas terminal

By Kevin Done and Maurice Samuelson

BRITISH GAS has chosen a site near Barrow-in-Furness, Cumbria, as the preferred place for an onshore terminal to receive gas from its £500m Morecambe Field development in the Irish Sea...

Lloyd's groups in merger talks

BY JOHN MOORE

WIGHAM POLAND, the Lloyd's of London insurance broking group in which Sir James Goldsmith's Anglo Continental company holds a controlling stake...

1970, specialising principally in marine insurance. In its last financial year, ending May 31, 1978, it reported pre-tax profits of £1.74m...

When he was first asked to appear on the platform beside three EEC opponents—Mr. Bean, Mr. Eric Hefer and Mrs. Barbara Castle—the said that he was not a wheelhorse to be wheeled out when it suited the party...

For the time being, he said, it was more important to concentrate on reforming the agricultural policy and on working with other socialist parties in Europe towards reducing unemployment...

At a meeting of the EEC liaison committee afterwards, it was agreed that EEC supporters should be given the platform at later party Press conferences...

For their part, the Conservatives were only too happy to exploit differences of opinion in the Labour Party at their Press conference...

Domestic product down 0.9%

By David Freud

ECONOMIC ACTIVITY and manufacturing investment fell in the first quarter of this year, according to official figures released yesterday...

However, the results were affected by the bad weather and industrial disputes of the winter, from which there are strong signs that the economy is recovering...

Bigger spending cuts

this year, possibly no more than £500m, with a bigger reduction in 1980-81. But it is now probable that the target for cuts is at least £1bn in 1979-80...

above the forecast level is difficult to explain. One reason is that temporary borrowing by local authorities was about £250m higher than expected at the end of March...

Japan prepares controls

function. Oil imports of about 73m kilolitres in the first quarter this year were just about on target. For the second quarter, however, oil imports will be around 65m kilolitres, well short of both demand and what would be required for rehulding stocks...

higher according to MITI, lower according to some industry estimates. MITI sees no evidence that Japan will be able to import more than the second quarter amounts during subsequent quarters.

Weather

UK TODAY: SUNNY intervals, showers, local thunder. London, S.E. England, E. England, Cent. S. England, Midlands, Cent. N. England...

Table with columns for location, day, and temperature. Locations include London, Paris, Rome, etc.

Advertisement for FIRE insurance with text: 'why add to the problem with water?' and 'Now it is possible to fight fire automatically throughout industrial or warehouse premises with dry chemical powder.'

Advertisement for Clinicon Fire Protection Waterless Sprinklers with text: 'WE BELIEVE WE CAN SAVE £1,000's IN PURCHASE COSTS, REDUCTION OF FIRE DAMAGE, THE ELIMINATION OF WATER DAMAGE.'

Judge reserves decision on bank petition

JUDGMENT ON the Department of Trade's High Court petition for the compulsory winding-up of Kendal and Dent, the London 'silver' bank, has been reserved. Deputy Judge Allan Heyman, QC, is expected to give his decision in June.

Continued from Page 1

Continued from Page 1

